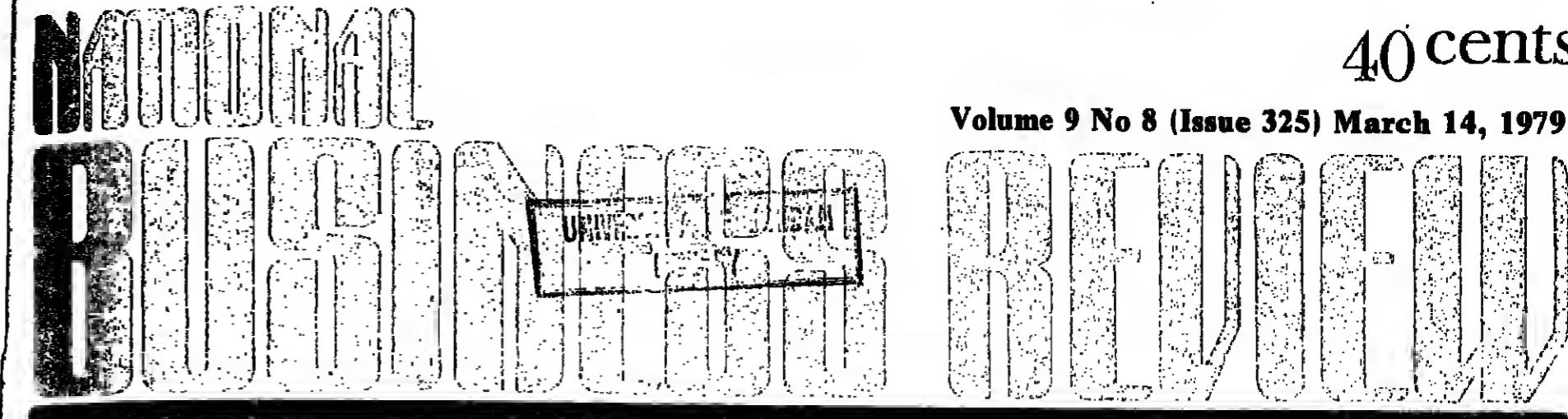


40 cents

Volume 9 No 8 (Issue 325) March 14, 1979



**Toyota cars  
are  
priced right,  
cost little to operate,  
are totally reliable,  
and last a long time.  
Perhaps that's why  
Toyota Corolla  
is the most popular economy car  
in the world.**



TOYOTA COROLLA

In the economy-minded world we live in, more and more people are turning to Toyota for the qualities they want in an automobile. They know each Toyota model line represents the total of Toyota knowledge and engineering that has been gathered in unceasing testing. They know their Toyota will withstand cold far below zero. And heat in excess of broiling deserts. They know that their Toyota is especially designed for driver comfort. They know their Toyota gives them the best value for their money...because they've shopped around. Compare. Shop around. Then come to Toyota for great automobile economy.

Building for the world we live in.

**TOYOTA**

CONSOLIDATED MOTOR DISTRIBUTORS LTD.

LMXO

## American herbicide ban puts focus on new NZ controls

by Bellinda Gillespie

The American ban on the herbicide 2,4,5-T has resurrected concern about New Zealand's controls on suspect chemicals at a time when the Parliamentary select committee on social services is considering new herbicide legislation.

The new law — to replace the Agricultural Chemicals Act — proposes an agricultural chemicals board which is less heavily loaded in favour of industrial interests.

The new board would consist of nominees from the Departments of Agriculture and Health, the DSIR and the Commission for the Environment. Five nominees representing growers' interests, two representing manufacturers, and a Government-appointed registrar.

Submissions heard on the first day of committee hearings revealed an enormous gulf between those to whom environmental concerns are paramount (and to whom the use of any chemical must be justified) and those to whom the manufacture and use of chemicals is an economic necessity.

Composition of the board is a controversial issue. The extreme environmentalists think there are too many "political" nominees and too many nominees of large-scale users.

And nominees of bodies with strong vested interests have no right to be on the board.

The appointee of the Minister of the Environment is seen as a concession to the environmentalist lobby, but it would like to see a non-government representative of the

its viewpoint as well.

On the other hand, those who apply chemicals (such as the New Zealand Contractors Federation) and the private sector in forestry want a voice on the board. And they feel that nominees from the Beekeepers' Association and the Wine Institute (whose concern with pesticides are likely to be restrictive) are expendable.

The Pest Control Association also wants representation.

Ivon Watkins-Dow supports the claims of the foresters and the contractors to be on the board. Similarly, it sees the claims of wine-makers and beekeepers as of low priority, able to be represented by others on the board.

While it supports the idea of a Ministry of the Environment, Ivon Watkins-Dow Ltd has submitted that this

person be "preferably employed by the Commission for the Environment", and expressed the fear that otherwise the appointee might be a rabid environmentalist accountable to no one but himself and perhaps able to sway the entire board with eloquence.

The environmental lobby feels that with the present range of membership, the board will find it difficult to convince the public that it is an unbiased body capable of taking action against industry if necessary.

Such matters could be referred to the Toxic Substances Board, which will be set up in another new bill, the Toxic Substances Bill (to replace the Poisons Act).

• 2,4,5-T officially "clean" in New Zealand — Page 11.

## INSIDE

COLIN JAMES reports on the new National game of "select a strategy" — Page 2.

HISTORY undeniably shows that price-control schemes never work. Bob Edin — Page 8.

TRADING account relief is only short-term, without consideration of the invisibles. Peter O'Brien — Page 14.

IS IT a food? Is it a drug? No, it's succharin — a substance 200 times as sweet as sugar. Bellinda Gillespie — Page 27.

IRAN'S rapidly-growing population still has to eat, so NZ-Iran trade should pick-up. John Draper — Page 28.

## The best tobacco money can buy

Brought to you by P&G  
World Leader in Research

## PM's moves 'not enough'

by John Draper

A STEP in the right direction — but the Government has a long way to go.

That was the reaction among economists after the Government moved last week to lift price controls on a wide range of goods and services.

They argued that the decision was in danger of being dismissed as nothing more than a cosmetic political ploy unless further steps to free the economy and boost exports quickly followed.

It seems unlikely the controls — if kept — would have stopped the next-round of price hikes, pushing inflation firmly into double figures.

Manufacturers and retailers

had soon learnt of bending the rules, and inflation was likely to be fuelled by higher wage claims over the last six months, rises in milk and electricity charges, and inevitable petrol price rises.

But after an initial flurry of price rises, consumer resistance and competition for a declining market are expected to force prices down.

Planning Council Chairman Sir Frank Holmes is in the vanguard of those who say the Government has not yet gone far enough. "If this relaxation of controls is to be effective, as the Government wishes it must be part of a complete package to stimulate competition and efficiency," he said.

Negative barriers shielding manufacturers from the draughts of overseas competition must go, he said. "No one is advocating the abolition of import

competition and the Australians do likewise. New Zealand industry could be allowed to run down in some areas and given more stimulus to expand in others."

Manufacturers, not surprisingly, have been advocating the abolition of price controls for sometime.

The controls had been making little impact and were only imposing an administrative burden on companies and the Government, the director general of the Manufacturers' Federation, Ian Douglas said.

But though agreeing in general with the Planning Council's aims of breathing competitive air into the economy, manufacturers were reluctant to see their protective tariff and import control barriers vanish.

Japan, Britain and America all gave protection to some degree to their own industries, Douglas said.

"There are a number of major import substitution industries where there is no competition though there is more than one manufacturer and it is in these areas where there is a considerable risk of excessive prices."

The solution was to ignore the inevitable protests and move to a progressive relaxation of import and tariff controls.

But New Zealand's interests might be best served by extending the free trade zone with Australia further than Nafta presently allows.

"No one is advocating the abolition of import

machinery and means of protection are matters for review but adequate barriers are still necessary."

Meanwhile the federation is urging the Government to produce the incentives to help manufacturers double exports in the next five years. At present manufacturers export less than 10 per cent of production. By 1984 the federation is aiming to make it 20 per cent.

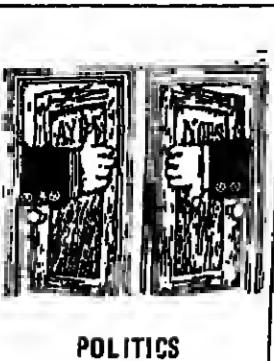
"Bad medicine, says our Economics Correspondent

## The new National game: select a strategy

by Colin James

LET US, for the purposes of argument, stir together the following bits of information:

- Influential economists, the Treasury and the Reserve Bank have been urging the Government to make a start on dismantling import licensing.
- Certain influential people in the National Party believe that unless there are bold innovations in economic policy, National is bound to lose the 1981 election.
- There is widespread dissatisfaction within the National Party with the style of leadership offered by the Prime Minister.
- The Prime Minister has declined to accept the economists' advice on import licensing (though he has left a tiny chink of light).
- The caucus shows no inclination either to force a bold economic strategy on the Prime Minister or to supplant him.
- Party president George Chapman has been "reviewing



suspicious of long-term gambles, especially when the odds cannot be calculated.

The short-term result of the announcement of even phased radical change in import licensing policy would be unpopularity with important sections of the electorate.

Unpopularity could have two effects. It could enhance the possibility of a coup. And it could make winning the 1981 election more difficult.

There remains the possibility that a coup might be engineered by those opposed to action. This is unlikely from within the caucus and it is at least arguable that Chapman's review of his position means Chapman has concluded it cannot be engineered from outside.

The safer course therefore is probably not to court unpopularity through drastic measures. Given the conservatism of the New Zealand electorate, it is probably also the safer course for the 1981 election.

Now let us stretch our imagination and try to see these tidbits as the Prime Minister might see them.

He was chastened by the election result and subsequent hostility from both within the party and outside it.

He has weathered that storm. There are as yet no discernible plots. He has some breathing space.

He is by instinct a conservative, short-term tactician. This makes him

farmers might like the idea of a freer economy, but rural seats are not the main battleground.

The real fight is over the people whose jobs might be on the line by 1980 and 1981 if import licensing was relaxed.

The deficits in the budget and the overseas accounts should not look so bad, come next year.

There is now a strong message coming up from the technology firms with a bit of glos to an improving picture of economic management. Who knows, there might even be windfall from farm prices.

That improves the chances of holding the leadership intact next year and once through that year it should hold intact until the election.

Chapman encouraged party members in 1974 and 1975 to believe they could win in 1975 and provided an excellent foil to Muldoon's knock-down style of leadership which kicked with a seemingly unbeatable Labour Government.

Power what the National Party is about. Power was delivered in 1975. But it was only just held in 1978.

The odds are on a loss in 1981 the way things are going. The Prime Minister shows no sign of changing his spots, nor do any of those in the parliamentary party who could help him change his spots, or change both him and the spots, show any inclination to do so.

The party's interests would not be served by Chapman conferring his considerable personal prestige on those spots. On the other hand, its longer-term interests may be served if Chapman can withdraw to a position — such as membership of the dominion council — from which he can more freely offer advice than as president.

Finally, let us look at the situation from the point of view of an influential grouping in the party.

This grouping sees little hope of a change of spots or leadership and every likelihood of defeat in 1981.

The losers would not be members of the grouping, but the Muldoon leadership and the (probably Stuart Maatras) presidency who would go down with the ship. Defeat would clear the way for:

- a change of leadership;
- a change of president;
- a change of policies.

Defeat in 1981 would probably mean that the economy had deteriorated to the point that a Labour Government would tie itself in knots trying to fix it and not last beyond 1984 — if the National Party organisation and the policies were refurbished.

The intervening years before 1982 would give time to

groom the right sort of president (a name out of the Waikato; there are others of promise) and the right sort of leader (say, Derek Quigley).

The new duumvirate would then head for the year 2000 in step with the party and the electorate.

There is now a strong message coming up from the technology firms with a bit of glos to an improving picture of economic management. Who knows, there might even be windfall from farm prices.

That improves the chances of holding the leadership intact next year and once through that year it should hold intact until the election.

Chapman encouraged party members in 1974 and 1975 to believe they could win in 1975 and provided an excellent foil to Muldoon's knock-down style of leadership which kicked with a seemingly unbeatable Labour Government.

Power what the National Party is about. Power was delivered in 1975. But it was only just held in 1978.

The odds are on a loss in 1981 the way things are going. The Prime Minister shows no sign of changing his spots, nor do any of those in the parliamentary party who could help him change his spots, or change both him and the spots, show any inclination to do so.

The party's interests would not be served by Chapman conferring his considerable personal prestige on those spots. On the other hand, its longer-term interests may be served if Chapman can withdraw to a position — such as membership of the dominion council — from which he can more freely offer advice than as president.

Finally, let us look at the situation from the point of view of an influential grouping in the party.

This grouping sees little hope of a change of spots or leadership and every likelihood of defeat in 1981.

The losers would not be members of the grouping, but the Muldoon leadership and the (probably Stuart Maatras) presidency who would go down with the ship. Defeat would clear the way for:

- a change of leadership;
- a change of president;
- a change of policies.

Defeat in 1981 would probably mean that the economy had deteriorated to the point that a Labour Government would tie itself in knots trying to fix it and not last beyond 1984 — if the National Party organisation and the policies were refurbished.

The intervening years before 1982 would give time to

**REMURERA \$500,000**  
Camelot Castle  
and  
Gatehouse Lodge

Principals  
please ring sole agent,  
Ruth 557-062 res;  
AUCKLAND

**peter moulle**  
M.R.E.I.N.Z. ph. 559-139

3434VAX

### AUSTRALIA

Vickers Australia Limited,  
100 Exhibition Street,  
Melbourne,  
Australia, 3000.

SINGAPORE

Unilever, Vickers PTE. LTD.,  
P.O. Box 187,  
Jurong,  
Singapore.

INDONESIA

Vickers (S.E.A.) PTE. LTD.,  
P.O. Box 62 K.B.,  
Jekete, Seletar,  
Indonesia.

MALAYSIA

Vickers (S.E.A.) PTE. LTD.,  
P.O. Box 62 K.B.,  
Jekete, Seletar,  
Indonesia.

MALAYSIA

Vickers Hoskins (M) Sdn. Bhd.,  
C/o IMPAC Sdn. Bhd.,  
105F Jalan Ampang,  
Kuala Lumpur, Malaysia.

## Fund unit holders win partial victory

by Warren Berryman

DISSIDENT Fund of New Zealand unit holders won a partial victory with the appointment of Doug Hazard as new chairman of Fund of New Zealand Services Ltd which manages the company.

Unit holders, many of whom invested in the Fund in response to advertisements stating that they could get their money out at any time, had had their money locked into the fund with no return for the past three years.

This last scenario has given catches among high technology firms with a bit of glos to an improving picture of economic management. Who knows, there might even be windfall from farm prices.

That improves the chances of holding the leadership intact next year and once through that year it should hold intact until the election.

Chapman thinks about it. He does not know what he has unlocked the inner secret of his mind to me. Nor, in the Chapman scenario I imagined above, did I do more than surmise what his assessment and motives are (albeit with little help from his friends).

It is also possible that he resolves to depart but is weakened over the past 12 days by the intense pressure on him to stay. Signs of movement from within the parliamentary party would further weaken that resolve.

But in unravelling for yourself what it all may mean, bear in mind this about Chapman:

- He revels in politics and has not yet grown old in the chair, onerous though the job is.
- His past record suggests he puts the party's interests ahead of his own.
- He has been a near-immaculate servant of the party's interests as he sees them.

As with the Chapman scenario so with the Prime Minister's. Though the scenario fits the facts of his behaviour, I am not privy to the machinations of his mind.

In his case, it is worth recollecting that he is a man of very considerable personal power, which has enabled him to ride out the post-electoral disenchanted so far and to keep a tight grip on his caucus.

It seems to have been he alone who made the decision on import licensing. As far as I can gather, a scantly opportunity has been given to the caucus, or even the Cabinet economic committee, to pronounce on it.

Defeat in 1981 would probably mean that the economy had deteriorated to the point that a Labour Government would tie itself in knots trying to fix it and not last beyond 1984 — if the National Party organisation and the policies were refurbished.

That is what the recent flurries at the top are about.

Silver.

Another complaint made by unit holders was that the managers invested the Fund's money in a rival property based fund, Security Mutual

Funds Ltd in which the managers also had an interest. (See NBR November 29, 1978.)

Hazard said "Fund of New Zealand Services Ltd is a private company charged with

the duty of management of the Fund. It is not owned by the Fund. I agreed to take the chairmanship of that company because it seemed the easiest and quickest and most

economic way of taking an active role in the control of the Fund. This means that I will hope to ensure efficient and economic management with a reasonable return to the management company.

will be to the investors of the Fund. This means that I will hope to ensure efficient and economic management with a reasonable return to the management company.

## LPG distributors push for plant decision

by Rae Mazengarb

LIQUEFIED petroleum gas distributors will approach Government over the next few weeks to press for an urgent decision on the construction of a multi-million dollar plant to extract LPG from the off-shore Maui field.

During this time the managers, Fund of New Zealand Services, have continued to make a profit and paid shareholders a yearly 10 per cent dividend.

The Fund has been losing heavily on two major investments: Chartwell Regional Centre at Hamilton; and a block of land in East Taita.

Present output from the on-shore Kapuni field — some 20,000 tonnes annually — is already almost fully committed, either to existing users or to those in the process of converting their vehicle fleets to LPG.

The extraction plant could boost production to 400,000 tonnes per year, but even if a decision is made soon the lead time for plant design and construction means the extra supply will not be on the market for at least three years.

Unit holders were particularly concerned about the standard of financial reporting by the managers, which they say concealed the true position of the Fund's losses.

They were also concerned about the investment decisions made which have left the Fund with the properties that can only be sold at a loss.

The Fund's managers have also been criticised for having interests conflicting with those of the unit holders.

One of these complaints relates to an investment of fund money by the managers in Consolidated Silver which resulted in a heavy loss to the Fund.

At the time this investment was made, Fund of New Zealand director and company solicitor, Warwick White, was also board chairman of Consolidated Silver and the Fund's auditors, Kendon Mills and Browne were also acting as company secretary to Consolidated Silver.

It seems to have been he alone who made the decision on import licensing. As far as I can gather, a scantly opportunity has been given to the caucus, or even the Cabinet economic committee, to pronounce on it.

Defeat in 1981 would probably mean that the economy had deteriorated to the point that a Labour Government would tie itself in knots trying to fix it and not last beyond 1984 — if the National Party organisation and the policies were refurbished.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

That is what the recent flurries at the top are about.

## EDITORIAL

PRIME Minister Muldoon went out to bat for the civil service almost a year ago, when he addressed the New Zealand Land Drainage and River Boards' Association. Civil servants were not policy-makers, he emphasised, but were there to respond to the wishes of the Government of the day. Policy-making was "the responsibility of the members of the government in office, who should be the target of criticisms or the recipient."

Thus Muldoon lent support to the doctrine of ministerial responsibility, which has developed from 19th century British Parliamentary practice and accepts that a Cabinet Minister will personally assume direct responsibility to Parliament for the actions of the permanent officials in the various departments under his supervision.

A department's officials are considered to be the Minister's agents, and everything they do, they do in his name. A public servant has duties, responsibilities and obligations to his Minister, which are supposed to go beyond mere neutrality. He has, in fact, a duty of complete loyalty to the Minister. In turn, the Minister owes something to his permanent assistants and is bound to protect them from public criticism. Nor must he exculpate himself at the expense of his staffers. The Minister may expect and get the popular kudos and acclaim when things go right. He must also expect to take the blame when things go wrong.

Among the important implications for the conduct of civil servants is that they are obliged, where necessary, to keep confidential their official dealings and to retain a discreet anonymity in the sense that no matters of political sensitivity, all public statements normally must be made in the name of the Minister. This aspect of ministerial responsibility has given rise to the Official Secrets Act and has fostered the denial of open administration which prevails in this country, to the detriment of sound government.

More recently, Muldoon has been undermining the very foundations of the doctrine of ministerial responsibility in a manner which is bound to engender alarm among public servants. Already, the Combined State Services Organisation's Executive has expressed concern, following an incident in September last year, when the Prime Minister admitted that a letter had been sent overseas wrongly asserting that the Glenages agreement had been ratified by the New Zealand Parliament. Muldoon accused someone in the state services of blundering by putting incorrect information in a letter he had signed. The Prime Minister himself should have accepted the responsibility for a letter sent with his signature about something which had allegedly been done in Parliament. The CSSO not unreasonably argued.

The other day, Muldoon again brought official advice into question. He conceded that the Government's energy policies were "somewhat misdirected" and, among other things, blamed "miscalculations" by various committees that had been set up over the years. In the same speech, he said the 1974 price control regulations which the Government is now removing had been based on bad departmental advice. And he said that Government departments had been responsible for some of the advice which recommended a freezing up of the economy, a removal of internal and external controls, and a return to the competitive world.

Of course, the Government is responsible for the actions of miscalculating committee officials, and the Government has had more than three years in which to get rid of ill-advised price controls. But it is constitutionally significant that the Prime Minister is prepared to expose what he claims are the shortcomings of his advisers.

Regardless of the validity of the complaints, Muldoon's expressions of dissatisfaction with the bureaucracy have vital implications for the conventions which have governed the actions of civil servants for decades, and inevitably must help shape a new relationship between public, Parliament, Cabinet and civil service. The resultant changes are of concern to all who believe in responsible and responsive democratic government.

Bob Edlin

## BROCKIE'S VIEW



Don't waste a minute of your holiday time comparison shopping

When you get to Sydney there'll be all sorts of things you want to do and see. Sure you'll want to do some duty free shopping. But you can plan it all before you leave and know that at Sterling Nicholas you'll find what you want, at the best price, and get guaranteed satisfaction. Write for our free illustrated brochure.

Sterling Nicholas  
Duty Free LTD.

Craft Hotel, Kings Cross  
and 113 Oxford Street, Darlinghurst, Sydney, 2010  
Telephone 33 3251

Editor: Bob Edlin. Editorial: Ralph Green (Production and Editors), Rae Mazzinghi, Colin James, Belinda Gillespie and John Draper.  
Advertising Manager: Paul A. C. S. Loh. (P.O. Box 9344, Telephones 738-576, 559-018, Wellington.)

Auckland office: Editorial, advertising and distribution inquiries: Warren Berryman, Telephones 688-888, 687-301. Published by Fourth Estate Newspapers Ltd, 15 Parnell Street, Wellington. Printed by R. Lucas & Son (Nelson) Ltd, 15 Bridge St, Nelson.

DR John King—director of the Animal Breeding Research Organisation at Edinburgh—is pushing the idea of producing a pig that looks like a sheep, according to an item in The Australian.

"The animal could be bred by injecting the pig with the genes from a sheep," he said. Thus wool and bacon could be produced from the same animal.

cheap electricity? We wouldn't want the Germans to think our Government was arbitrary and capricious, the sort of Government that would just raise the bulk rate of electricity by 60 per cent overnight — would we?

In NBR February 14, there was an Admark story about the battle Auckland retailers are now waging with local dailies, the Auckland Star in particular. The sharemarket page in the same issue quoted the last sale of shares in NZ News, the Star's parent company, at 178 for the week ending February 8. This was also the highest price for the year to date.

Three weeks later, the NBR Sharemarket Survey quoted the last sale of NZ News shares, for the week ending March 1, at 170. Interestingly, shares in the NZ Herald's parent company, Wilson & Horton, have risen healthily over the same period.

A coincidence... or is there a feeling abroad that the Star, probably the brightest and most perceptive of our dailies, is in for a rugged time?

THE Government was not about to sell New Zealand to overseas investors, so Rob Muldoon told the Auckland Young Nationals recently.

But the PM is giving every indication of rolling out the red carpet for the German investment mission due to arrive in Christchurch this weekend.

First, Muldoon announced that the overseas investment regulations would be relaxed, a move four years overdue, but timely from the Germans' point of view.

Then there was the reduction in electricity charges for new industries setting up in the South Island... remember the Germans were first lured to New Zealand with tales of

certain to press for high charges, if only to make the credit cards to be introduced later this year—more effective.

Retailers accepting credit cards will pay up to 5% per cent commission instead of the present three cents to get the money, providing the Commerce Commission doesn't interfere.

If an Environment and Conservation Organisation of New Zealand Inc "occasionally" told to Wellington recently was a blueprint for the future, 51 per cent of the population could be left firmly in the past.

ECO's invitation asked "Can we afford not to listen and think out options for the future?" But the ecologists seemed to have their ears closed to the aspirations of the women's movement.

In a glimpse of what the future might hold, mats were spread on the floor, Polynesian-style, and canoer Ian Prior gave his welcome in Maori.

WE received a nice letter the other day from an obviously nice man who thought we might like to reprint some nice words about his no-doubt nice

industry more competitive.

"But it is heartening to know

that at least a small section of

the

ecology

is

alive

and

well

and

alive

and

## Joint US tourist promotion flounders before square two

A JOINT United States tourist promotion by Australia and New Zealand is not going ahead as originally planned and the Australian Government's new international aviation policy is to blame.

New Zealand's Tourist and Publicity Department and the National Travel Association, however, are still committed to the project, which will go ahead later this year.

The question is, what assistance, if any, the Australian Tourist Commission will give in the promotion still has to be worked out.

Last year Australian Tourism Minister Lynch and his New Zealand counterpart, Harry Lapwood, announced plans for a joint promotion in the United States scheduled for the middle of this year to sell Australasia and the South Pacific as holiday destinations.

Since then, the Australian and American Governments

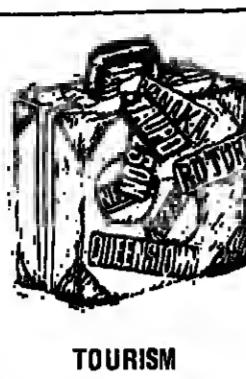
have concluded a cheap fares agreement which, on the surface, would seem to help tourist flows.

There are fish hooks. The agreement is for point to point fare which, while they may stimulate traffic between those two countries, will not necessarily do anything for New Zealand.

This country now has a point to point fare agreement with the United States as well, and the question has been raised on both sides of the Tasman as to whether a joint promotion would be the best way of going about things.

Tourist and Publicity Department general manager Michael Roberts confirmed to the National Travel Association last week that the promotion would not be going ahead as originally planned.

Roberts was careful not to isolate the fares agreement as the major cause of the breakdown in plans, while the Australian Tourist Com-



## Air fare policy awaits acid test

NEW ZEALAND Government policy of trying to get all airlines to agree on the same air fares across the Pacific has forced concessions to the extent that there will be a three season south bound structure available for travellers only. This will give them a deal for most of the year which will be better for those making the same journey starting from New Zealand.

At the centre of the possible air rights dispute is the newcomer to the South Pacific services, Continental Airlines of Los Angeles.

Official policy in New Zealand has aimed at getting a fare agreement which gives Air New Zealand — and by implication, Pan Am as well — protection from predatory fare practices of any new airline coming into the market.

Included in that must be a strong stand on possible use of Pago Pago cabotage areas to exploit American domestic fares to make a new fare structure across the Pacific.

mission was still sorting out its attitude to what form of participation it might seek in the campaign.

Tourist interests have been stressing that in the United States it is necessary to also market the South Pacific rather than one or two specific destinations because Americans prefer to buy package tour travel taking in several countries.

however, on south bound being the same and Pan Am has forced concessions to the extent that there will be a three season south bound structure available for travellers only. This will give them a deal for most of the year which will be better for those making the same journey starting from New Zealand.

That could mean total disaster for Air New Zealand, but the case should not be overstated. While these outcomes may be implied in the policy, they need not come to pass.

In any event New Zealand is trying to make sure it retains some control over capacity, farcs, stopovers, and the number of airlines operating the South Pacific route.

Ministry of Transport sources confirm that the basic directions is not over yet, the basic aim of getting an agreement among airline carriers has been achieved.

This means that New Zealand can now insist on Continental, or any other airline for that matter, not charge the fares approved in both directions.

New fares announced earlier this month give north bound travellers from New Zealand a two season fare structure basically as sought by Air New Zealand.

The parties could not agree, however, on south bound being the same and Pan Am has forced concessions to the extent that there will be a three season south bound structure available for travellers only. This will give them a deal for most of the year which will be better for those making the same journey starting from New Zealand.

being the same and Pan Am has forced concessions to the extent that there will be a three season south bound structure available for travellers only. This will give them a deal for most of the year which will be better for those making the same journey starting from New Zealand.

That could mean total disaster for Air New Zealand, but the case should not be overstated. While these outcomes may be implied in the policy, they need not come to pass.

In any event New Zealand is trying to make sure it retains some control over capacity, farcs, stopovers, and the number of airlines operating the South Pacific route.

Ministry of Transport sources confirm that the basic directions is not over yet, the basic aim of getting an agreement among airline carriers has been achieved.

This means that New Zealand can now insist on Continental, or any other airline for that matter, not charge the fares approved in both directions.

New fares announced earlier this month give north bound travellers from New Zealand a two season fare structure basically as sought by Air New Zealand.

The parties could not agree, however, on south bound being the same and Pan Am has forced concessions to the extent that there will be a three season south bound structure available for travellers only. This will give them a deal for most of the year which will be better for those making the same journey starting from New Zealand.

## Contractors punt for Clutha commitment

CONTRACTORS are pushing the Government for an early decision on the Clutha power development.

The Contractors' Federation, after being "encouraged" last year by its representations to the Government, now wants a decision on how work on the scheme will be divided, presumably believing that they will be on the winning side in the battle against bureaucracy.

In the last month, however, the contractors have openly slated Minister of Works Bill Young as incompetent of winning Cabinet battles on behalf of private enterprise.

What that will do for their standing with the Government is not clear. No minister likes being taken publicly to task for his so called failings, particularly when, as the contractors did, they rebutted point by point the Minister's defence of an unpopular decision.

But that's exactly what federation national secretary Bob McKnight did in radio interviews and press statements late last month on cutbacks to the funds of the National Roads Board.

The contractors have pushed for most of the Clutha work — estimated at an eventual worth of \$100 million over the next 20 years — to go to private enterprise.

Since then the federation has followed this report with three more — the latest presented only last week — and have had detailed discussions with the Caucus Economic Committee.

Offers and counter proposals have gone back and forward somewhat like an auction for the work.

eventual export of contracting skills.

So there's a lot at stake in the Government's decision on who is to do what on the Clutha scheme.

Almost exactly a year ago, the Contractors' Federation presented a 47 page report to Young setting out how the work could be divided up into contracts able to be managed by local firms, and stressed that there were enough federation member firms able to submit competitive bids for the jobs.

In effect, the argument was that half the value of the work was no real offer at all since even if the Ministry of Works did all the construction, contracts for the supply of such things as aggregate would still go to the contractors.

The Government subsequently increased their offer to 75 per cent of the value of the project.

So just what is at stake. To start with, there's the DG3 dam now worth nearly \$200 million over the next 10 years.

The contractors claim this work can be divided up into several individual contracts within the capability of local firms. The first stage would be diversion of the Clutha river which is estimated at \$10 million over two years. Added with this is the supply of \$7 million worth of aggregate over five to six years, the excavation of the dam at \$20 million over two years plus another \$8 million worth of grouting. On top of that the dam itself, worth \$80 million over five years, \$30 million for the power house, \$12 million for penstocks and other minor works totalling \$30 million.

The contractors argue that if Government has good intentions toward private enterprise on the Clutha, it should make the river diversion work available to the private sector.

The political wisdom of this course of action may be open to question but the contractors' attitude is clear.

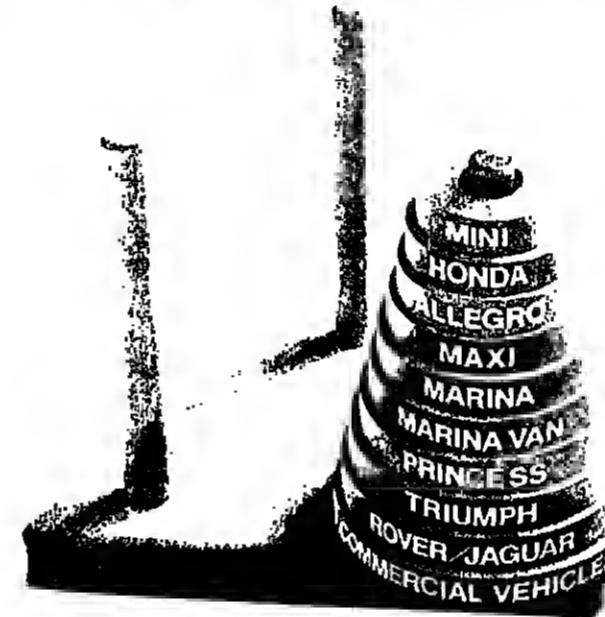
They say in their recent submission: "The attitude of the Ministry of Works and Development is quite clear. It intends to carry out the work with its own forces. Such a commitment on the DG3 dam would eliminate any possibility of employing private enterprise contractors on the Clutha scheme for 25 years."

By pushing its 'construct by contract' programme to the forefront of the Government's mind, the federation is making sure its views are taken into account.

**BILL YOUNG . . . holds a grudge?**



## The unique Fleet Management Service of NZMC does it this way



### EXAMINE YOUR EXISTING VEHICLE PURCHASING POLICY

### 2 ISOLATE YOUR CURRENT CAPITAL INVESTMENT IN MOTOR VEHICLES

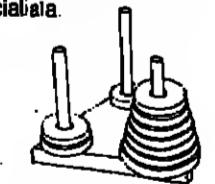
### 3 ANALYSE CURRENT USAGE OF VEHICLES

### 4 RELATE USAGE TO NEED

### 5 MATCH VEHICLES TO NEED

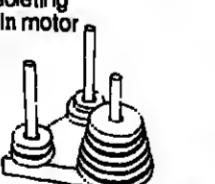


The various executive levels. The job functions in your industry. The current replacement policy. The status levels. These and other details of your existing vehicle purchasing policy would first be examined by one of our compact team of fleet vehicle specialists.



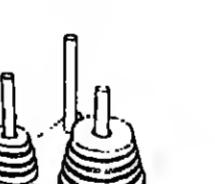
### 6 PROVIDE CURRENT MAINTENANCE AND RUNNING COST ANALYSES

How working capital is utilized for the purchase and maintenance of a vehicle fleet has a major influence on overall profitability. For companies with wide seasonal fluctuations in income it can be critical to financial liquidity. By isolating your current capital investment in motor vehicles we have a base point against which you can measure the contribution to overall profitability our proposal will make.



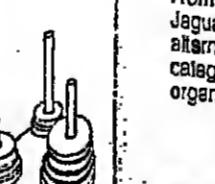
### 7 DETERMINE THE NZMC SERVICES MOST SUITABLE TO YOUR FINANCIAL AND OPERATIONAL NEEDS

Your vehicles could well be under utilized in relation to usage requirements. We analyze how all your vehicles are currently used, by whom and for what purpose.



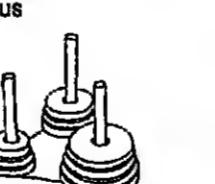
### 8 ANALYSE YOUR FLEET REPLACEMENT COSTS BASED ON VEHICLE REQUIREMENTS

Having analyzed current usage we can then relate this to the defined needs for job functions incorporating executive levels within your organization.



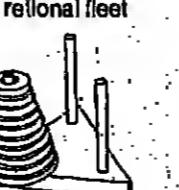
### 9 PREPARE FINANCIAL AND OPERATIONAL ANALYSES

The New Zealand Motor Corporation has the widest range of vehicles in New Zealand. We have remained market leaders for the past three years because we offer the widest choice. From the versatile Mini to the luxurious Jaguar or Rover. We can also offer alternatives within the defined categories of need within your organization.

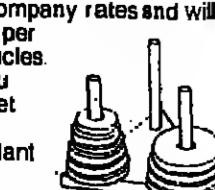


### 10 PROVIDE COMPLETE DOCUMENTATION IN A FORMAL PROPOSAL

All our recommendations in a fleet vehicle proposal are fully documented. Unless we do this we cannot hope to convince you or your Board of Directors of our Fleet Management scheme. In this document we will recommend how your working capital investment in motor vehicles can provide a more economic return through a rational fleet management proposal.



We have developed comprehensive, comparative analyses on running and maintenance costs for the bulk of vehicles available on the New Zealand market. They are based on independent figures from authoritative motoring magazines plus an appraisal of servicing and replacement parts. They also include depreciation and residual values based on finance company rates and will give you a net cost per kilometre for all vehicles. We can prove to you how your NZMC fleet can save you more money in this important area of cost.



### Now there's Marina Wagon

Many companies asked us why the Marina was not available in the station wagon enjoyed by European motorists. Fair comment! They wanted the greater flexibility of a station wagon with the proven benefits of the "no worries" sedan. Now the N.Z. Motor Corporation can meet every conceivable requirement for the fleet purchaser. Marina Wagon measures up in every way to the sedan. Powerful 1798cc engine with top economy, superior town and country driving comfort, proven reliability, high standards of finishing and appointments, impressive loading capacity. And at the price, you'll be convinced there's no better value for money.

MC 153



Give us a call today  
National Fleet Sales Division  
NZMC Head Office  
PO Box 2599 Wellington  
Phone 844-039 (Collect)

New Zealand Motor Corporation Limited LMV

# History shows price controls must fail

by Bob Edlin

"YOUR America is doing many things in the economic field, which we found out caused us so much trouble. You are trying to control people's wages and prices — people's work. If you do that, you must control people's lives. And no country can do that part way. I tried it and failed."

That advice came from someone who knew all about controlling people's lives — Hermann Goering. He had been responsible for economic planning under Hitler, whose Germany tried comprehensive wage and price controls before and during World War II.

The failure of these policies made just one more contribution to the undeniable lesson of history that price controls never work.

For more than 40 centuries, examples have abounded of failed price-control schemes. Virtually all were presented by rulers seeking an end to inflation and/or scarcities caused in large part by their own economic and political

blunders.

New Zealand has had price control in some form for some 40 years.

The last Labour Government produced the Stabilisation of Price Regulations, which National committed itself to reviewing price curbs in its 1978 election manifesto.

At one stage, the Muldoon Government's controls included:

(1) The Commodity Act 1975, under which a number of specified goods and services were subject to more or less long-term price control;

(2) The Stabilisation of Price regulations, covering the price of most goods and services;

(3) Price freeze regulations which affected tradesmen's charge-out rates, prices for fish, and professional charges.

(4) A number of laws — such as the Transport Act — which controlled certain specified goods or services.

(5) A general price freeze, which over-rode all these controls and was designed principally to complement the freeze on wage rates. It lasted till the end of December for

most goods and services, and for remaining goods till May 1977.

Since then, controls have been administered through the 1974 Stabilisation of Prices Regulation which itself was a refinement of 37 sets of regulations. Goods were divided into two broad groups — Category A consisting of foodstuffs, key consumer goods, cars, metal products and building materials, and Category B, which is virtually the remainder.

Business resources were for too long been deadlocked in accounting for every cent and in helping the next price increase come, channelling into import company efficiency.

The effect was a boost, at least, to the business of lobbying.

Category A traders, whose increases were more tightly controlled, pressed for transfers of a number of items to Category B while Category B traders argued for a more liberal interpretation of their criteria for price rises.

Business was leery for bureaucrats, too. For example, the wholesale and retail prices of major species of fish remained subject to Government decision. The Fish Retailers Association would apply to the Department of Trade and Industry, which, if it agreed, would put the application to another committee. It then went on to the Cabinet economic committee before it could go to the full Cabinet for ratification.

Trade association numbers would troop along to their annual conferences and wait expectantly for news of a change of heart. Invariably, the news was bad.

Adams-Schindler told the Retailers Federation's annual conference in 1976, he couldn't review price controls. "Any such move would erode the confidence and co-operation of wage earners."

It will pay you to check out the CPT 8000 before making any decision on the installation of a word processing system.

Because in 15 minutes we can show you, your office manager and your secretary the unique benefits that put our system head and shoulders above the rest.

Call us now or just clip and post the coupon for a free introduction to the CPT 8000 Word Processor.

We're Computer Consultants Limited, we know our business and we specialise in electronic solutions for improved business efficiency.

And our solution is the unique CPT 8000.

**Computer Consultants Ltd**  
— COMPUTERS — BUREAU — WORD PROCESSING —  
the solution is simple

P.O. Box 3418  
Wellington  
Phone: 726-007

P.O. Box 173  
Auckland  
Phone: 798-345

P.O. Box 2640  
Christchurch  
Phone: 799-588

Please rush me the information on the unique benefits of the CPT 8000 Word Processor.

Please arrange for a representative to call.

Name \_\_\_\_\_

Business \_\_\_\_\_

Address \_\_\_\_\_

NRB 1 \_\_\_\_\_

Phone \_\_\_\_\_



ASSOCIATE FINANCE  
MINISTER TEMPLETON . . .

of different wavelength?

most goods and services, and for remaining goods till May 1977.

On the other hand, Muldoon warned "... that does not mean that we are going to give a licence to anyone to make exorbitant profits at the expense of the ordinary New Zealander.

"We are going to retain the right, and indeed, the administrative machinery, to penalise any trader who takes advantage of the removal of regulations to make excessive profits from his fellow New

Zealanders."

Nevertheless, the shift to deregulation would have been welcomed by manufacturers, importers, wholesalers and retailers whose enterprise has been numbed by the rigidity of price controls in the 1970s.

At one stage, the Muldoon Government's controls included:

(1) The Commodity Act 1975, under which a number of specified goods and services were subject to more or less long-term price control;

(2) The Stabilisation of Price regulations, covering the price of most goods and services;

(3) Price freeze regulations which affected tradesmen's charge-out rates, prices for fish, and professional charges.

(4) A number of laws — such as the Transport Act — which controlled certain specified goods or services.

(5) A general price freeze, which over-rode all these controls and was designed principally to complement the freeze on wage rates. It lasted till the end of December for

most goods and services, and for remaining goods till May 1977.

Since then, controls have been administered through the 1974 Stabilisation of Prices Regulation which itself was a refinement of 37 sets of regulations. Goods were divided into two broad groups — Category A consisting of foodstuffs, key consumer goods, cars, metal products and building materials, and Category B, which is virtually the remainder.

Business resources were for too long been deadlocked in accounting for every cent and in helping the next price increase come, channelling into import company efficiency.

The effect was a boost, at least, to the business of lobbying.

Category A traders, whose increases were more tightly controlled, pressed for transfers of a number of items to Category B while Category B traders argued for a more liberal interpretation of their criteria for price rises.

Business was leery for bureaucrats, too. For example, the wholesale and retail prices of major species of fish remained subject to Government decision. The Fish Retailers Association would apply to the Department of Trade and Industry, which, if it agreed, would put the application to another committee. It then went on to the Cabinet economic committee before it could go to the full Cabinet for ratification.

Trade association numbers would troop along to their annual conferences and wait expectantly for news of a change of heart. Invariably, the news was bad.

Adams-Schindler told the Retailers Federation's annual conference in 1976, he couldn't review price controls. "Any such move would erode the confidence and co-operation of wage earners."

It will pay you to check out the CPT 8000 before making any decision on the installation of a word processing system.

Because in 15 minutes we can show you, your office manager and your secretary the unique benefits that put our system head and shoulders above the rest.

Call us now or just clip and post the coupon for a free introduction to the CPT 8000 Word Processor.

We're Computer Consultants Limited, we know our business and we specialise in electronic solutions for improved business efficiency.

And our solution is the unique CPT 8000.

# Dr Muldoon's price controls: bad medicine

Economics Correspondent

THE Prime Minister broke his silence on the economy to complain about the recent barrage of economic advice he had been getting. And just to show who had the real power to influence economic activity, he ignored the good advice and removed price controls without dismantling quantitative import controls.

Since then, the Government has surited out its bidding for public consumption, and already Cabinet has given approval for the removal of restrictions on charges for hotel accommodation and hotel meals in a bid to encourage more investment in hotel building for the tourism industry. And it has removed items in Category B of its price stabilisation regulations.

Most goods and services, and for remaining goods till May 1977, will be removed from price control as they come up in their six-monthly review. "Positive list" of items will remain under price control, and subject to monopoly control. Government subsidy and system of surveillance will be devised to discover "unjustified" price rises and deal with them.

Business resources will be freed up, at least, to the business of lobbying.

The effect was a boost, at least, to the business of lobbying.

Category A traders, whose increases were more tightly controlled, pressed for transfers of a number of items to Category B while Category B traders argued for a more liberal interpretation of their criteria for price rises.

Business was leery for bureaucrats, too. For example, the wholesale and retail prices of major species of fish remained subject to Government decision. The Fish Retailers Association would apply to the Department of Trade and Industry, which, if it agreed, would put the application to another committee. It then went on to the Cabinet economic committee before it could go to the full Cabinet for ratification.

Trade association numbers would troop along to their annual conferences and wait expectantly for news of a change of heart. Invariably, the news was bad.

Adams-Schindler told the Retailers Federation's annual conference in 1976, he couldn't review price controls. "Any such move would erode the confidence and co-operation of wage earners."

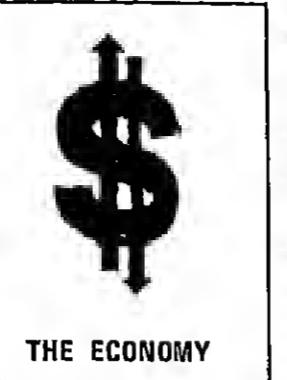
It will pay you to check out the CPT 8000 before making any decision on the installation of a word processing system.

Because in 15 minutes we can show you, your office manager and your secretary the unique benefits that put our system head and shoulders above the rest.

Call us now or just clip and post the coupon for a free introduction to the CPT 8000 Word Processor.

We're Computer Consultants Limited, we know our business and we specialise in electronic solutions for improved business efficiency.

And our solution is the unique CPT 8000.



THE ECONOMY

Before the news of the lifting of price controls, some economists were saying that the inflation rate will be running between 12 and 18 per cent this year and others were estimating an even higher rate. When price controls go off, the inflation rate could easily reach the high levels experienced in 1976-77 of around 17-18 per cent.

Interest rates will probably follow the inflation rate upward. In New Zealand's largely uncontrolled money market, there is a close link between inflation and interest rates.

Lifting price controls may help free up the market, but it certainly will not help those enterprises producing solely for export. It may help firms to increase their cost of production.

Muldoon, clearly not wanting to be seen to take the OECD's advice, (or that of Treasury, the Reserve Bank or the Planning Council), prefers to do things the other way around. But in dismantling price controls without also lifting import controls, the Prime Minister has followed a road which makes little economic sense.

Protection and quantitative import controls mean that our domestic industry does not have to face overseas competition while our export industry does. Removal of price controls will not change this situation and in fact could make things worse than they already are for exporters.

Muldoon believes that lifting price controls will result in increased competition, which will in turn become a regulator of prices. Firms will keep their prices down to undercut others and to increase their share of the market.

And just in case they don't keep their prices down, the Government still retains the right to penalise those who take advantage of the removal of the regulations to make excessive profits.

The winds of change blew a National Party business's luncheon in April last year. Muldoon then, it was time for the Government and the Bank of New Zealand to have a good look at the controls.

And there had been aspects of price control since 1976 which had been arbitrary and unfair, he said.

Trade association numbers would troop along to their annual conferences and wait expectantly for news of a change of heart. Invariably, the news was bad.

Adams-Schindler told the Retailers Federation's annual conference in 1976, he couldn't review price controls. "Any such move would erode the confidence and co-operation of wage earners."

It will pay you to check out the CPT 8000 before making any decision on the installation of a word processing system.

Because in 15 minutes we can show you, your office manager and your secretary the unique benefits that put our system head and shoulders above the rest.

Call us now or just clip and post the coupon for a free introduction to the CPT 8000 Word Processor.

We're Computer Consultants Limited, we know our business and we specialise in electronic solutions for improved business efficiency.

And our solution is the unique CPT 8000.



ROB MULDOON . . .  
breaks silence on economy

reversals of policy.

It's time the Prime Minister faced these issues and prescribed medicine appropriate to the economy's ailment. He seems to think the economy is doing quite well. In his recent speech to the Auckland Young Nationals, he said that the Government had brought stability to the New Zealand economy, that it had restored the country's shattered economy, that the Government accounts were under control.

In fact, the rate of inflation is still over 10 per cent, the balance of payments deficit is showing signs of deteriorating again, unemployment is over 50,000 and the Government account deficit is expected to be at least \$800 million more than the \$1050 million forecast in the Budget. There is very little evidence that the economy is on the road to recovery.

The Prime Minister might better spend his energy listening to the good advice he is getting from people who know something about the workings of an economy rather than looking for scapegoats. He's been steering the ship long enough now and has only himself to blame.

## Make your Bank of New Zealand Manager your money man

Every business needs an experienced money man. Someone who can make your money work harder while you get on with the business of making more of it.

Many smaller and medium sized businesses could benefit from having a closer relationship with their Banker. That's the sort of co-operation we encourage at the Bank of New Zealand. Get together with your Bank of New Zealand Manager. As your money man he can tell you how the Bank of New Zealand can make your money work harder with the security you need. And no fuss. Quick, simple and a minimum of paperwork.

**Term deposits —**  
**in small or large amounts —**  
**will earn money for you**

Don't let surplus cash lie idle. Regardless of the amount, large or small, put it on a term deposit with us. You'll find our rates very competitive. Your money earns top interest.

### TCD's (Transferable Certificates of Deposit)

If you need greater flexibility in your short term investment strategy TCD's may be the answer. If you need to, you can release cash before the term is due, because there is a secondary market for TCD's. Your Bank of New Zealand Manager can explain TCD's fully to you. Ask him for the facts.

### Practical help

Your Bank of New Zealand Manager, and his staff, are ready, willing and able to help you make your money work harder. Contact him soon. He'll show you how a regular review of your investments is most worthwhile. Your Bank of New Zealand Manager is as close as your telephone. He's your money man.



**Bank of New Zealand**  
Here when you need us — Nationwide



# NBR BUSINESS WEEK

## Muldoon taints foreign investment debate

By Peter V O'Brien

THE Inevitable square-off positions are being taken on the issue of encouraging overseas investment in the New Zealand economy. The inevitable debasement of the issue is also occurring.

Prime Minister Rob Muldoon told Young Nationals in Auckland on March 3 that the Government would change its policies on overseas investment because it was now clear that New Zealand needed more overseas investment in technologically complex areas.

Muldoon referred to Singapore as a successful economy which welcomed overseas investment in any industry. (Muldoon might admire the "strength" of the Singapore administration, but he could have used examples which would be more acceptable to doing-their-own-things New Zealanders).

But the Prime Minister (again inevitably) could not resist bringing a sensible point down to a non-constructive level. "The outcry will come from the know nothing element in the community that we are scilling New Zealand to foreigners."

A combination of secrecy in the Government and bureaucracy, and attacks on those who join the national debate lowers the level of debate. People may eventually

leave for places (apart from Singapore) where debate is more rational.

Muldoon's basic argument (excluding his rubbishing approach) was offset by the letter in last week's NBR from Combined Unions Industrial Officer Campbell.

On foreign investment increase, Campbell said in referring to Planning Council recommendations: "Proposed of this kind are what has made South Korea, Hong Kong, and Singapore such attractive places to other foreign investors at least. In fact already crucial areas of finance and production are overseas controlled, and this fact is placing constraints on our ability as a nation to determine our economic future."

The fact that we are short of investment resources will not be solved by this avenue, as recent gains in trade balances have already been wiped out by 'Invisibles'. In which payments for interest and investment income to overseas owners showed the greatest leap".

Campbell is probably one of Muldoon's "know nothings", but his addition to the debate can probably be taken fairly as a union view. It raises a basic question.

How does New Zealand get the technologically based industries which are necessary for earning overseas income,

when the country is under pressure from agricultural protectionism and lies at the other end of the world?

This country has 3 million people, and a national income before price adjustment of about \$15,800 million. Agricultural protectionism overseas, distance, small population, a minuscule national income, all growth in real terms, and the existence of more favourable investment options for overseas investors are more likely to be the "constraints on our ability as a nation to determine our economic future".

On foreign investment increase, Campbell said in referring to Planning Council recommendations: "Proposed of this kind are what has made South Korea, Hong Kong, and Singapore such attractive places to other foreign investors at least. In fact already crucial areas of finance and production are overseas controlled, and this fact is placing constraints on our ability as a nation to determine our economic future."

Muldoon has yet to spell out

how the policies will change. There are still many problems, but the development is interesting for a country of 3 million, an agricultural base, and few resources apart from grass and an equable climate.

Ireland's membership of the EEC is an advantage which New Zealand lacks, therefore we need to do even more dramatic things to overcome that lack.

Muldoon has yet to spell out

the policies will change. No doubt the Government will cut out the 25 per cent requirement on overseas investment in New Zealand companies. Will it actively encourage overseas investment, apart from the recent negotiations with Germany? Will it break down the bureaucratic mess which requires independent discussions and approvals from 11 departments and

authorities (see NBR 24, on how we lost our investment?)

But that is detail of a broad idea, present in proposals when looking at the debate, and requires comment by referring "know nothings". They become the standard New Zealand, immigration and reaction against investment.

There are alternatives. At the risk of pushing a case, the Irish can be examined again. They decided to open their economy; to encourage investment; to make that investment meet local criteria; to plan; to increase industrial exports; to reduce reliance on a doubtful EEC agricultural policy; to make the nation grow; and to preserve national economic and political independence.

The Australian Life Offices Association is reported to be strongly opposed to the establishment of the Government insurance office. It is executive director, L. Renton, expressed concern that the Government would intrude into life insurance business. The Northern Territory, he said, was already well served by competitive life insurance

by Peter V O'Brien  
GENERAL FINANCE LTD  
will not regret the decision it  
made to take over Group  
Rentals Ltd in 1975.

The total investment in  
television appears to be about  
\$19,865,000, unless there is a  
further amount hidden in the  
accounts.

The annual report for the

year ended October 31, 1978

shows that the subsidiary is

producing a return out of

proportion to the investment,

although it is necessary to

track an involved path through

the accounts, notes, and

supplementary information.

Rental television (Group

Rentals) principal business

contributed \$10.1 million, or

7.4 per cent, of total gross

income which amounted to

\$5,387,000.

A comment in the chairman's review, that "the division's assets increased over the year by 33 per cent to

\$17 million", differs from the figure just calculated, but the difference could be "income yet to mature", although there is no breakdown of that amount. "Income yet to mature" is the income related to future years and added to a credit instalment advance at the time the contract is written.

Taking the amount of \$17 million as the asset figure, this means that 13.7 per cent of total assets produced 34.7 per cent of gross income. A shareholder at the annual meeting asked a question about the performance of the television rental subsidiary. The answer may have satisfied him, but it did not cover the important element in a rental contact.

Rental assets are

depreciated, unlike most other

finance company advances.

General Finance depreciates

rental equipment on a straight

line basis at the rate of 13.3 per

cent a year, that is, an average

"useful life" of 7.3 years for

each item.

The company usually

provides good information in

its accounts and the accompa-

nying text, but this

year, apart from the question

of television, there is one

which were becoming ap-

parent towards the end of the

company's financial year may

have been a factor in in-

creasing the portfolio, rather

than rediscounting, but again

the report offers no comment.

The rest of the information

in the report is up to the

company's usual good level of

disclosure.

It may be unfortunate that,

in the group's fiftieth an-

niversary year, the earn-

ings and the present gearing

were insufficient to allow

shareholders a bonus issue.

They received an increase in

the dividend (from 12 per cent

to 13 per cent) with 7 per cent

of the total payment being paid

from tax free reserves. But

bonus issues, of say one for

four or one for five, require

additional funds in servicing, a

difficult task on an earning

rate of 23.3 cents a share.

The company did well in a

relatively tough year to lift net

profit 38 per cent, and to get

the return on shareholders

funds back to 14.2 per cent,

compared with 13.5 per cent in

1977 and 14 per cent in 1978.

## Analysing annual accounts

by Peter V O'Brien  
GENERAL FINANCE LTD  
will not regret the decision it  
made to take over Group  
Rentals Ltd in 1975.

The total investment in  
television appears to be about  
\$19,865,000, unless there is a  
further amount hidden in the  
accounts.

The annual report for the  
year ended October 31, 1978

shows that the subsidiary is

producing a return out of

proportion to the investment,

although it is necessary to

track an involved path through

the accounts, notes, and

supplementary information.

Rental television (Group

Rentals) principal business

contributed \$10.1 million, or

7.4 per cent, of total gross

income which amounted to

\$5,387,000.

A comment in the chairman's review, that "the division's assets increased over the year by 33 per cent to

\$17 million", differs from the figure just calculated, but the difference could be "income yet to mature", although there is no breakdown of that amount. "Income yet to mature" is the income related to future years and added to a credit instalment advance at the time the contract is written.

Taking the amount of \$17 million as the asset figure, this means that 13.7 per cent of total assets produced 34.7 per cent of gross income. A shareholder at the annual meeting asked a question about the performance of the television rental subsidiary. The answer may have satisfied him, but it did not cover the important element in a rental contact.

Rental assets are

depreciated, unlike most other

finance company advances.

General Finance depreciates

rental equipment on a straight

line basis at the rate of 13.3 per

cent a year, that is, an average

"useful life" of 7.3 years for

each item.

The company usually

provides good information in

its accounts and the accompa-

nying text, but this

year, apart from the question

of television, there is one

which were becoming ap-

parent towards the end of the

company's financial year may

have been a factor in in-

creasing the portfolio, rather

than rediscounting, but again

the report offers no comment.

The rest of the information

in the report is up to the

company's usual good level of

disclosure.

It may be unfortunate that,

in the group's fiftieth an-

niversary year, the earn-

ings and the present gearing

were insufficient to allow

shareholders a bonus issue.

They received an increase in

the dividend (from 12 per cent

to 13 per cent) with 7 per cent

of the total payment being paid

from tax free reserves. But

bonus issues, of say one for

four or one for five, require

additional funds in servicing, a

difficult task on an earning



## Business agency seeks guarantee short cut

by Bruce Wallace

GOVERNMENT assistance to small business is still not fully operating, although the Small Business Agency was set up last June.

The 1978 National Party manifesto promised to expand its services but the SBA and the trading banks have yet to set up the guarantee facility that is one of the main strings to the agency's bow. It is unable to lend money directly, although it is a part of the Development Finance Corporation; instead the SBA wants to sign an agreement with the Bankers' Association which would provide for a standard legal document that could be rapidly applied if the agency wanted to guarantee the financial needs of a company.

In the first months of its operation, the SBA did provide guarantees for finance offered through the trading banks, using conventional banking channels, but SBA manager Murray Smith says they are not really suitable. What ha-



MURRAY SMITH ... need to grasp opportunities.

wants is effective action so that an opportunity can be grasped quickly once the agency has done its homework on a company.

Of course, in the United States, the SBA has its own finance to hand out, but that was going too far for the Government.

The Bankers' Association in Wellington said it is not trying to be awkward. The Bank

Officers' dispute has taken much of its time and energy for some months, while one or two banks have related problems.

The Bank of New Zealand did not feel the legal conditions suggested tied in with its own documentation. V L Ansel, assistant general manager, said in principle we're in tune with the thing; our problems can be settled.

But Smith said he believes the SBA can offer better specialist advice to the man of small business than the banks and that is why the Government stayed in with the agency.

The inability to offer guarantees facilities, although they were announced by the Minister of Trade and Industry Lance Adams-Schneider last year, might well have disappointed some applicants.

But more serious for the agency has been the less-than-enthusiastic interest as reflected by the inquiry rate so far.

Even though bankruptcies are breaking records and the

Government says small business is a lifblood of the economy, the agency received only 1731 inquiries from June 1978 to January 1979.

This was below the agency's own estimates, and might have been one result of the Government's refusal to allocate the \$800,000 Smith requested for the first operating year. Instead, he got \$600,000, and had to cut back on staff and promotion, probably getting fewer inquiries as a result.

Smith argues that once the agency is offering the full guarantee facility and gets more money for the new financial year, as the manifesto promises, the inquiry rate should increase. But he warns that the operation could get overburdened and that would lead to frustration among applicants.

The rationale behind the SBA still appears to need some pressing, and this is largely up to the education programme of the organisation. Already Smith has spent a lot of time encouraging or operation with other groups in the small-business field. But Smith's first six months show that his clients need specialised advice and constant attention from professionals like accountants and bankers — knowledge they have not before.

Smith also considers the agency has overcome initial opposition from the Associated Chambers of Commerce, which help run small

"To secure his market, the exporter must be able to make commitments confidently, knowing he can live up to them. Among other things, this means having complete confidence in the dependability of cargo carriers.

For dependability, you can trust Columbus. With our container capacity, you can count on space availability.

Sailings are frequent and regular — and our track record for sticking to schedules is second to none."

**COLUMBUS LINE**  
Speed afloat, service ashore.

Modern fast container ships servicing the East and West Coasts of America and Canada, Venezuela, the Caribbean, and the U.S. & Mexican Gulf. Sailings on average every seven days.



**KNOWING YOU CAN COUNT ON US.**  
Another good reason to ship Columbus.

## For Sale: technology

by Alan Parker

NEW ZEALAND technology available for overseas manufacture will be shown to executives of some of the world's largest corporations this month.

A New Zealand stand has been booked at a technology exchange fair being run in conjunction with an International Licensing Executives Society (ILE) conference in Sydney. The conference draws licensing executives from many of the major corporations of the world.

The Australian Innovation Corporation is taking advantage of the presence of technology buyers and sellers by mounting the First Australian Technology Resources Exchange Fair, giving Australian companies an opportunity to present their technology to this high-powered captive audience.

And the Development Finance Corporation, with two executives attending the conference, has joined forces with 16 smaller clients of its Applied Technology Programme to give a New Zealand presence. Some of the ASEAN nations are also displaying interest.

New Zealand technology on display will include heavy machinery (plate-rolling equipment made in Auckland), computer graphic plotters, automatic pneumatically-controlled drills, a non-polluting asbestos saw, and a marine testing facility.

Says Owen McShane, Auckland manager of the Applied Technology Programme: "We will not so much be selling finished goods at the fair but technology in the form of know-how, patents, inventions and so on. What will be on sale are the licences to manufacture."

And that raises a curly question: with the current emphasis on the need to boost export sales, expand our industrial base and reduce unemployment, should New Zealand be selling home-grown technology instead of finished goods?

McShane agrees that it is fair comment: "Most New Zealand businesses do see licensing as an outlet; they feel that the sale of finished

goods for export and foreign exchange is the best way for New Zealand to improve its position.

"But the typical small Zealand business cannot afford to get into the total market quickly — and to do this he does, his technology often out of date."

McShane says we should concentrate on one or two markets, such as Australia and the west coast of the United States, that offer technology for licence in areas where there are particular problems such as language differences and so on.

It's a sophisticated approach which Australian companies are getting into and, says McShane: "10 per cent of \$1 million is better than 100 per cent of \$12 million. And, of course, all royalty payments are straight profit to the company."

The Australian Innovation Corporation is taking advantage of the presence of technology buyers and sellers by mounting the First Australian Technology Resources Exchange Fair, giving Australian companies an opportunity to present their technology to this high-powered captive audience.

And the Development Finance Corporation, with two executives attending the conference, has joined forces with 16 smaller clients of its Applied Technology Programme to give a New Zealand presence. Some of the ASEAN nations are also displaying interest.

New Zealand technology on display will include heavy machinery (plate-rolling equipment made in Auckland), computer graphic plotters, automatic pneumatically-controlled drills, a non-polluting asbestos saw, and a marine testing facility.

Says Owen McShane, Auckland manager of the Applied Technology Programme: "We will not so much be selling finished goods at the fair but technology in the form of know-how, patents, inventions and so on. What will be on sale are the licences to manufacture."

And that raises a curly question: with the current emphasis on the need to boost export sales, expand our industrial base and reduce unemployment, should New Zealand be selling home-grown technology instead of finished goods?

McShane agrees that it is fair comment: "Most New Zealand businesses do see licensing as an outlet; they feel that the sale of finished

goods for export and foreign exchange is the best way for New Zealand to improve its position.

"But the typical small Zealand business cannot afford to get into the total market quickly — and to do this he does, his technology often out of date."

McShane says we should concentrate on one or two markets, such as Australia and the west coast of the United States, that offer technology for licence in areas where there are particular problems such as language differences and so on.

It's a sophisticated approach which Australian companies are getting into and, says McShane: "10 per cent of \$1 million is better than 100 per cent of \$12 million. And, of course, all royalty payments are straight profit to the company."

The Australian Innovation Corporation is taking advantage of the presence of technology buyers and sellers by mounting the First Australian Technology Resources Exchange Fair, giving Australian companies an opportunity to present their technology to this high-powered captive audience.

And the Development Finance Corporation, with two executives attending the conference, has joined forces with 16 smaller clients of its Applied Technology Programme to give a New Zealand presence. Some of the ASEAN nations are also displaying interest.

New Zealand technology on display will include heavy machinery (plate-rolling equipment made in Auckland), computer graphic plotters, automatic pneumatically-controlled drills, a non-polluting asbestos saw, and a marine testing facility.

Says Owen McShane, Auckland manager of the Applied Technology Programme: "We will not so much be selling finished goods at the fair but technology in the form of know-how, patents, inventions and so on. What will be on sale are the licences to manufacture."

And that raises a curly question: with the current emphasis on the need to boost export sales, expand our industrial base and reduce unemployment, should New Zealand be selling home-grown technology instead of finished goods?

McShane agrees that it is fair comment: "Most New Zealand businesses do see licensing as an outlet; they feel that the sale of finished

## Time for change: NZR at the cross-roads

by Bob Stott

In broad terms, much of the context of the New Zealand Railways discussion paper, Time for Change, isn't new — a point unwillingly highlighted by a large section of the news media which led off with the "news" that the 1978-79 Railways loss would exceed \$46 million.

That figure had been available since last year's Budget and Estimates. And the "news" that rail freight traffic had fallen off as a result of the 150km limit on road transport and the recession was contained in last year's Railways Annual Report.

Losses on long distance and suburban passengers, and the effects of National's and Labour's rail price freezes, have also been covered in last year's and earlier annual reports.

So what's new about Time for Change?

The document essentially comprises two sections.

• A review of New Zealand Railways today — where NZR stands and how and why it got into that position;

• Discussion of the future (the part which has not been well reported so far.)

Time for Change, which was issued under the name of general manager Trevor Hayward, and whose work the document largely is, has a candour which can only be described as refreshing. It opens by claiming that NZR is often regarded in something less than a favourable light, and accepts that railways must take some of the blame for not taking the public into its confidence.

Discussing the present situation, the report explains how railway rates and charges were imposed by Government decree, how the NZR ran into the red and had to borrow money to keep going, and how today the railways not only have to face interest charges on the money borrowed, but also a drop-off in traffic owing to the recession.

The section on passenger services has had a good airing in public, especially since the decision was announced to withdraw one of the two overnight Auckland-Wellington trains.

Some media reports have indicated that all long-distance passenger runs will cease.

But Time for Change appears to make a commitment to continue at least some rail passenger services. The report says "future requirements for new long distance traffic must also be considered... converted railcars are only a medium term solution pending the purchase of new equipment."

Some of the matters raised in the section on freight traffic have also been discussed elsewhere. In July 1977, this column concluded that there was no way the Napier-Gibbston line could be profitably — Time for Change confirms that the annual loss is more than \$3 million on this route, and likely to rise.

The report lists other uneconomic routes — Okahau, Dargaville, Thamas, Cambridge, Kiro, Otago Central, Kington and Mossburn lines. Here again, this column

argued against in general

terms. This advantage does not apply to diesel-hauled passenger trains, says the report — but this is debatable. As British research has shown (and reported here November 1977), long distance passenger traffic packed with seats set at bus spacing, and so on use less energy than buses.

And it adds: "The financial impact of these services should be clearly spelled out in the annual financial report".

In summary, it can be said that what is important about Time for Change is not what is being said, but who is saying it, and in what context. Theorists and commentators have covered most of the ground already, but now NZR itself is, if you like, making it "official".

Time for Change ends by adding that as January 31 this year, this column pointed out that if due allowance is made for the service losses money and is not nearly as bad as it looks. Time for Change makes this point. A narrow interpretation of the NZR

financial result, it says, "does no justice to the thousands of railway men and women who understandably resent criticism of their efforts by a community which is not fully aware of the costs inherent in the provision of public services".

And it adds: "When services which have

no clear commercial or social justification are stopped accept the situation in good grace even if their demise does dent parochial pride. After all, if the services were useful they'd be used, and therefore financially or socially desirable.

Time for Change makes it clear that NZR is at the cross-roads. One way leads to larger deficits, a worsening public image, rock-bottom staff morale, an inability to attract able recruits and all the other evils associated with soaring annual losses.

The other way leads to a useful, indeed vital, railway transport service — and if Hayward can get NZR heading along this path, then his tenure as general manager will be seen as something of a turning point in the history of railways in New Zealand.

TREVOR HAYWARD...  
refreshing candour.

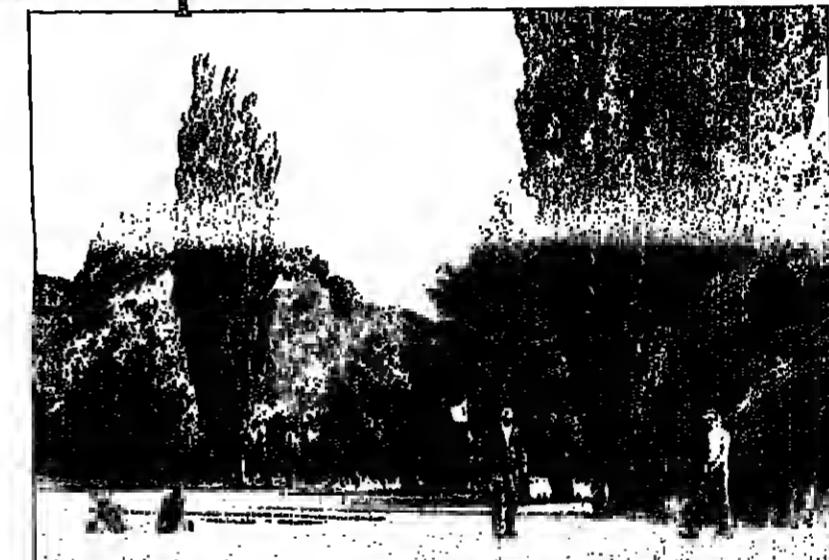
• To discontinue those services which have no clear commercial or social justification.

• I think these three principles admirably sum up how NZR should be run, and can only add three basic principles:

• To develop and expand those services which are commercially sound;

• To continue those services which provide proven and expanded, and about unfair State competition;

## You may not have heard of Computer Consultants . . .



but your successful competitors probably have!

Computer Consultants Ltd

COMPUTING • FINANCIAL • WORKFLOW ENGINEERING

the solution is simple

Computer Consultants Limited is a totally New Zealand employee owned and operated company specialising in providing business and commerce with advanced electronic data systems.

Computer Consultants Limited, Head Office 'Computer House', 55 Knights Road, Lower Hutt P.O. Box 30631. Telephone: 564-149. Telex: 3572.

Branches in Auckland, Wellington, Christchurch, Dunedin, Hamilton, Hastings, Wanganui, Palmerston North and Sydney.

CL116

THINK .....  
COMPUTERS  
WORD PROCESSING  
..... SERVICE  
THINK .....  
WANG  
COMPUTER LIMITED  
PHONE Auckland 540116 Wellington 843-262

# "Hello Pete, Ruby, Bruce, Anne, Roy, Les, Brian, Sir, and Graham."

## US aviation: small aircraft sales soaring

THE world energy crisis has produced many unexpected changes in business and consumer emphasis. None seems more unlikely at first glance than the sudden upsurge in the sales and operations of small, private aircraft, which were once the province of the very rich and would probably be at the top of anyone's list of high energy culprits.

But, for a number of reasons, the non-commercial aircraft business has become one of the fastest-growing industrial sectors in America, and now seems set to sweep the rest of the world.

The key to the upsurge already seen, and also to the future development, say sources inside the industry, is the almost total switch from private ownership to corporate ownership. The day of the wealthy private owner who liked to take his dinner guests for a spin in his private plane are long over as far as the major producers of non-commercial planes are concerned.

Today's marketing is aimed almost exclusively at major companies which are urged to save executive time and improve efficiency by buying a single or double engined piston aircraft, or even a small jet. Moreover, it is clear that the

years. But today's engines are much more reliable, and the growth in the industry has meant that the aircraft can be well backed up by servicing, checking and spare-parts services.

The startling advances in radar communications and navigational aids have taken a lot of the uneasiness out of small plane travel.

Another "helpful" factor often quoted within the industry is the imposition of the 55 mph road speed limit as part of the fuel-saving campaign. This move, in a country where only speed can counter the distances involved in taking top men from the head office in the city to the chemicals plant in the backwoods, has put a premium on the 300 mph and more cruising speeds easily attainable by the simplest of the non-commercial aircraft.

Since these small aircraft can be easily provided with a landing field, especially in the flat, desert lands of the south and midwest of the United States, it is not hard to see why non-commercial aircraft have swiftly become the air taxi of United States business, and are often described as more efficient users of fuel than motor cars. This argument assumes a great deal — for instance that it is long distance

travel that is the test — but the advantages are clear enough. Cost has also become a factor, especially since car prices have been forced higher, particularly at the executive end of the scale, where the fuel advantages of the amateur compact car are not really suitable. The larger Mercedes cars sell at around \$35,000 in America at which price they are not far short of the cheaper of the executive aircraft. After allowing for other financial factors, there is not much difference as far as a major company is concerned.

The boom in the United States, strangely enough, has been fostered by the energy crisis, the very factor which might have been expected to damp it down.

Companies like Bangor Punds, which owns Piper Aircraft and its range of successful executive aircraft, have seen a huge upswing in business in the past five years. Technical factors have certainly been important. Fear of the spluttering engines of the small aircraft of the 1930s continued to plague the non-commercial industry for

travel that is the test — but the advantages are clear enough. Cost has also become a factor, especially since car prices have been forced higher, particularly at the executive end of the scale, where the fuel advantages of the amateur compact car are not really suitable. The larger Mercedes cars sell at around \$35,000 in America at which price they are not far short of the cheaper of the executive aircraft. After allowing for other financial factors, there is not much difference as far as a major company is concerned.

But other, and perhaps more profound, factors are also stimulating the shift to business aircraft. The most significant one is undoubtedly the shift to the south by United States industry, a trend which has made Dallas and Houston boom towns with an industrial growth rate far beyond their northern counterparts.

The latest estimates are that

**SELL YOURSELF TO US . . .**  
And you could be selling for us

We are seeking a creative, energetic, self-motivated Sales Manager to lead our Christchurch team. We are prepared to pay for the right person, preferably one with media experience. Sell yourself to us. Phone Jim Robertson on 725677 Wellington.

**RADIO NEW ZEALAND**

more than half of US industry is now situated south of the famous Mason-Dixon Line, and that the trend shows no sign of abating.

There could hardly be a more favourable development from the point of view of the non-commercial aircraft business. The south is a land of wide open spaces. Distances between cities are high, and industrial plans are often deep in the country. Rural roads are often unsuitable for fast travel.

The south is almost one huge, natural airfield for small craft. The weather is generally kinder and more reliable than in the north. And, to complete the picture, the south is already the headquarters of the aerospace industry.

The combination of these factors has made the non-commercial aircraft industry strong inside America. The industry is now looking for similar conditions in the rest of the world.

Sales are already booming in South America, which incorporates many of the features which have made the United States so successful a market. In Brazil, for instance, industry is expanding fast, distances are huge, the weather is good, and the road infrastructure poor.

The same factors are at work in the Far East, and the more adventurous of the industry's spokesmen are closely watching expansion of trade with China, which again offers great potential for non-commercial aircraft makers.

But the most important single prospect is Western Europe. Here, the weather can be a problem, but the industry is confident that this is no longer as significant as in the old Tiger Moth days. More significant is the high cost of commercial airline travel, despite recent moves to reduce it. The distances involved are large — the industry is keenly aware of prospects in Eastern Europe — and the weight of industrial money potentially involved is huge.

The clinching argument for further development in non-commercial aircraft comes from the problems facing the world's airliners. As competition on the commercial lines grows stronger, and costs continue to rise, the major airlines are being forced to cut services. Of the 12,000 major airports in the United States, only 500 are now served by commercial flights. This is a trend now likely to spread to Europe, and the only section of industry likely to benefit will be the non-commercial aircraft manufacturers.

ICL has just completed a record year of achievement in New Zealand with turnover up 30% and profit at the highest ever level. We will continue this growth and seek new staff to assist us in 1979.

If you have experience in the computer industry and are interested in developing your career in any of the following areas:

**SALES · PROJECT MANAGEMENT · SUPPORT MANAGEMENT · SYSTEMS CONSULTANCY · MARKETING · TRAINING · SOFTWARE DEVELOPMENT**

then contact us for a discussion on how ICL can offer you the opportunity to move up this year into a challenging and interesting job.

Income packages up to \$30,000 with higher rewards achievable for exceptional performance.

We are only interested in computer professionals who want top incomes for outstanding work

and who, under the ICL Manpower Development Scheme, can progress their career fast.

Discussions will be held in strict confidence.

Don't hesitate — investigate a career with ICL now.

Phone or write:

Peter McLaren Office — 724-884

Home — 767-702

Manager Personnel Services

Box 394, Wellington.

whole spectacle takes on a new, if somewhat horrifying, perspective.

Tucked easily here at the bottom of the world, it is easy for us to forget just how much the world's finite natural resources are needed to sustain life as the major industrial nations, in particular, know it.

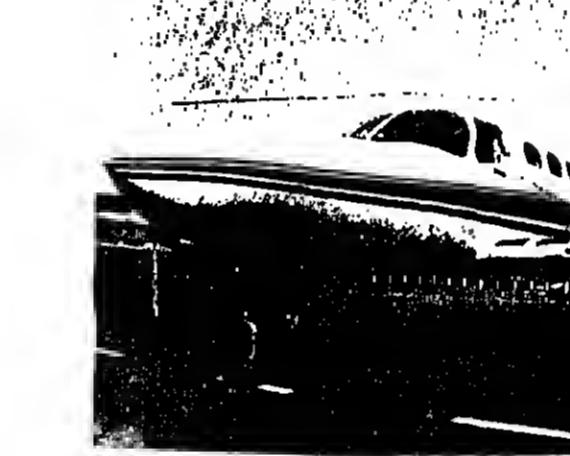
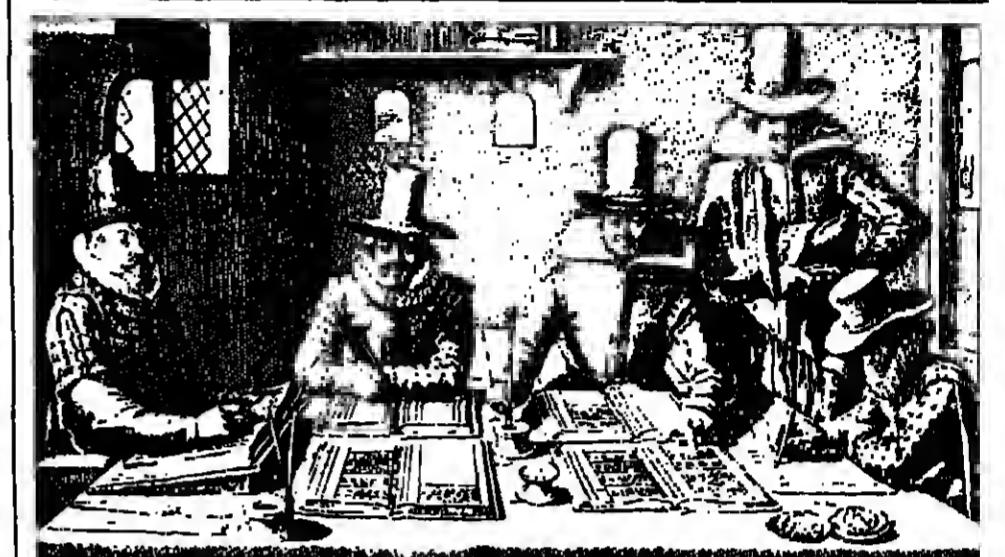
Heathrow, for example, needs a staff of 40,000 to run it. That's a sizeable city by our standards.

And all this capital expenditure is devoted to only

one aspect of life — the aerial transportation of people and goods from one place to another.

The whole crazy boom in aviation is leading to many and varied changes in the international aviation scene, from the development of monsters like Concorde to a boom in business aircraft.

From London, *Financiel Times* writer Terry Byland reports on a new development — the upsurge in the operations of small, private aircraft...



SMALL AIRCRAFT . . . upsurge in sales

## Conference Calls.

Want to arrange a Conference at short notice? All you need to do is provide Tolls with a list of those you wish to "attend" up to a quarter of an hour before you want your "Conference" to begin. Your toll operator can connect you with up to nine people anywhere in New Zealand all at once by Conference Call.



Keeping You In Touch  
With Up To Nine Places At  
One Time.

**If you're not using Computa-Pay,  
your system is probably  
not much better than theirs.**

**COMPUTA-PAY**  
the Complete Payroll Service



Please send me further details on your Computa-Pay Service.

Name . . . . .

Company . . . . .

Address . . . . .

NEW ZEALAND'S LARGEST  
PAYROLL ORGANISATION.  
MEMBER NZSIA

Return to Armoured Freightways Ltd  
P.O. Box 9585, Auckland

## Computer Staff — Top Opportunities

ICL has just completed a record year of achievement in New Zealand with turnover up 30% and profit at the highest ever level. We will continue this growth and seek new staff to assist us in 1979.

If you have experience in the computer industry and are interested in developing your career in any of the following areas:

**SALES · PROJECT MANAGEMENT · SUPPORT MANAGEMENT · SYSTEMS CONSULTANCY · MARKETING · TRAINING · SOFTWARE DEVELOPMENT**

then contact us for a discussion on how ICL can offer you the opportunity to move up this year into a challenging and interesting job.

Income packages up to \$30,000 with higher rewards achievable for exceptional performance. We are only interested in computer professionals who want top incomes for outstanding work and who, under the ICL Manpower Development Scheme, can progress their career fast.

Discussions will be held in strict confidence.

Don't hesitate — investigate a career with ICL now.

Phone or write:

Peter McLaren Office — 724-884

Home — 767-702

Manager Personnel Services

Box 394, Wellington.



International  
Computers  
(New Zealand)  
Limited

30500

# Citizen band radio reaches boom demand

by John Gaines

CITIZEN band radio is a booming business for New Zealand manufacturers, retailers and peripheral manufacturers and servicemen.

A personal radio needs no qualification on the part of its operator, only a set and licence. It is a rising wave which has certainly not reached its peak.

There are some 25,000 licensed CB sets in New Zealand, and the number is growing at approximately 1000 new licences a month.

One estimate in the United States is that at least one person in every 20 holds a CB licence. If that was the penetration in New Zealand, with a population of three million, the figure would be 150,000 sets. The 1978 sales forecast for the United States was six million sets — at \$55 each.

CB sets have to meet a Post

Office Specification, RTA 23, but it's not particularly stringent. The sets are relatively simple, perhaps getting simpler because of integrated circuits and phase locked loop technology. Most of the technology is Japanese and even many of the CB sets sold in the United States are Japanese in origin.

Many parts have to be imported into New Zealand, such as the integrated circuits and transistors, but they are not expensive because they are produced by the million overseas.

Sets in New Zealand cost the user \$200 to \$300.

Although power of the sets was restricted to half a watt, in July 1978 an increase to two

watts was allowed, and four new frequencies were allocated. There are now 11 channels for general use and three for Government departments, local bodies, or approved users' businesses.

Monitor Electronics Ltd,

Auckland, makes Monitor and Moonraker sets.

The Heron is made by Matamata Electronics Ltd, Matamata.

The Comet X-6 is made by Comet Electronics, Hastings.

Airline Industries Ltd of Auckland produces the Airline. That name is one of the oldest in the New Zealand CB world, though the original company has gone out of

business.

Hand-held sets are popular with trampers and climbers; bigger sets are used as bases and mobiles in cars, trucks and boats.

Many foreign-manufactured CB sets are brought into the country by travellers they are cheaper in Australia, Fiji, Singapore, Hong Kong and Japan. But the frequencies used overseas are different from New Zealand frequencies, so a change of crystals is required, and sometimes other modifications to make them acceptable to the New Zealand

Post Office.

The peripheral rumour

has it that

crystals at probably

Metallum Industries of Andover

Ilfracombe Crystal Co.

Napier share this

business.

CB sets are brought into the country by travellers they are

cheaper in Australia, Fiji,

Singapore, Hong Kong and

Japan. But the frequencies

used overseas are different

from New Zealand frequencies, so a change of crystals is required, and sometimes other modifications to make them acceptable to the New Zealand

Post Office.

Hand-held sets are popular

with trampers and climbers;

bigger sets are used as bases

and mobiles in cars, trucks

and boats.

The new phase-locked sets require only a basic crystal for multichannel operation.

CB appeals to a people

move, and New Zealanders

people who travel. It's

optional extra for many.

It is said that it will stay

in standard filing, but

important as brake, i

windscreen wipers.

Crystals for the sets are big business. One crystal is required for each transmit and each receive channel, and for each set with 11 channels, that's 22

crystals at probably

Metallum Industries of Andover

Ilfracombe Crystal Co.

Napier share this

business.

Advertisers to buy these

fixed programme slots.

Hunter said, would enjoy

excellent cost efficiency...

but he warned

that they were to be offered on "first in, first served, best dressed situation to fan rate inflation during 1978".

The bulk of advertisers

would be left only the rotate

commercial on both.

"He has six commercial

days to choose from, five on

each channel: Monday being

non-commercial on Television

One, Friday on South Pacific

Television and Sunday non-

commercial on both.

"Saturday, for example, has

1879 rates, Hunter noted that in

1978 most TV One advertisers

bought the "rotate buy" at

\$1256, because

few

programme placement, was

only 15 per cent (it must be

remembered that this is well

below the theoretical

maximum of 30 per cent.)

"By downweighting the peak

time zone average by 15 per

cent, calculate the effects on

cost of audience delivery.

"For this example we have

again used the target audience

of women 25-54 years and the

October 1978 BCNZ All New

Zealand survey (see Chart C).

"Although seasonal viewing

fluctuations affect the absolute

audience throughout the year

(winter audiences are highest,

summer lowest, etc) Chart C

clearly shows that the peak

time rotate Television One

advertiser could be paying in

excess of 25 per cent more for

his audience during 1978 than

in 1979."

But all the future may be

precipitous. If TV One has to abide

by price control regulations

governing the rest of New

Zealand industry they must

wait at least six months from

the last rate increase until

asking for more. TV One's last

rate increase doesn't become

effective until April 1.

Until such time as a new

monolith replaces the current

TV One-SPTV duo, media

buyers will be faced with a

choice.

## Saki, Geisha, Datsun and Watties . . .

Tokyo Correspondent

THE familiar red and green

Watties logo always stares

New Zealanders in Tokyo,

when they see the frozen foods

delivery van weaving between

the eternal lines of Toyotas and

Datsons. But it shouldn't.

Watties foods have been

around Japan since the late

1960s, although they've been

slow to catch on in a country

accustomed to fresh produce.

Now, with the decline of

agriculture and rapid indus-

trialisation, all that's

changing — but it's changing

slowly.

For one thing, the Japanese

housewife invariably doesn't

have an oven, so pies and

TV dinners are virtually impos-

sible to sell. Sadakichi

Toyoizumi, general manager

of Watties Japan Ltd, still

shudders when he recalls an

undisclosed number of such

products that were imported

and duly dumped, due to a lack

of consumer interest. The

other problem is that

refrigerators are much

smaller than in most western

homes, and the housewife

generally makes a daily

pilgrimage to the supermarket

rather than storing

provisions. Shopping is seen

by most Japanese women as a

hobby rather than a chore.

American potatoes are

better for frying and also

cheaper," laments Toyoizumi.

"Japanese potato consumption

is increasing and there's a

great future for potato imports

from the United States.

Ho, or one of the other

executives, makes regular

trips to Watties in Hastings to

keep abreast of product

developments, with a view to

extending the present

Japanese range beyond peas,

corn and mixed vegetables.

Much of the frozen food

comes in bulk, and is repacked

in superior laminated packs

which remain transparent —

unclosed in the freezer.

It's a real bargain — two at one go.

A REAL BARGAIN — TWO AT ONE GO

Two major related international trade shows at the same date.

You can benefit from the entire spectrum of trade visitors from

handling and construction industries in Asia.

Don't be left out — the opportunity only when you see it. If it's business you're

in, then you're in. Come to the

IMAC-ASIA and CONPEX-ASIA.

Therefore, if you are in the materials handling and construction

industry, then you're in Asia.

That's going to be lots of bull dozing, crushing, digging, demolishing,

scraping, wheeling, dealing, buying, selling and big business.

And CONPEX-ASIA is

the largest event in Asia.

## Restructured economy

WARREN BERRYMAN's article in your February 28 issue — "How to bring NZ trade out of its protectionist hothouse" — misleads in several respects and provides a very dubious prescription to cure our economic ailments. But before I am accused of taking a typical, pressure-group reactionary stance, let me make it clear that the Manufacturers' Federation accept the broad view of the Planning Council that restructuring is necessary, that it must involve a freeing up of the economy, and that more resources must be released for export. The federation recognises that the manufacturing sector must be part of this process and that the present machinery and incidence of protection must be included in the overall review.

The federation feels concern, however, when talk of restructuring appears to be preoccupied with just one sector — manufacturing — and in particular with the aspect of import licensing.

Restructuring must involve all sectors if it is to succeed in any one sector. The Planning Council realises this. To lay the blame for New Zealand's current poor performance at the feet of manufacturing and to single out import licensing as the arch-villain is nothing but guilty of grossly simplistic and distorted thinking.

Let's get import licensing in perspective. In 1958, it covered the total range of New Zealand's imports. Today, it accounts for 25 per cent.

Even that 25 per cent overstates the reality. Of that figure, 25 per cent relates to motor vehicle imports where licence is granted on an automatic replacement basis and therefore does not constitute quantitative import control in the classic sense. A

further deduction has to be made for "rollover" licence arrangements negotiated under NAFTA.

This means that less than 19 per cent of our imports is currently subject to quantitative import control — hardly the behemoth that some commentators imply.

It is plainly silly to identify import licensing as the major constraint on the country's growth rate, on its export performance and even — as Berryman implies — as a significant factor in farm input costs. The latter are surely much more affected by inefficiencies in the processing and service sectors.

Berryman also picks a bad example when he cites motor vehicle prices as reflecting primarily the inefficiencies of protectionism. The customer is paying his high prices largely because of tax. In many cases, with the tax element in both countries taken out to enable proper comparison, vehicle prices in New Zealand are cheaper than those in the United Kingdom.

To hear Berryman and some others talk, one would imagine that we in New Zealand are sitting alone in our murky and far-flung corner of the globe, while enlightenment reigns supreme elsewhere. Our farmers know all about agricultural protectionism in overseas markets, but too little attention is given to the protective devices employed against manufactured goods in so many countries — including some which are held up to us as paragons of industrial virtue.

Japan, for instance, is one of the most artificially protected countries in the world where imported manufacturers are concerned. And I have only just been hearing about the problems of getting manufactured goods into Germany — another instance of protection by stealth.

At least New Zealand is relatively honest about its



LETTERS

protective machinery it employs. Other countries are much more subtle and devious about it — but protection is still the name of the game.

Berryman also picks a bad example when he cites motor vehicle prices as reflecting primarily the inefficiencies of protectionism. The customer is paying his high prices largely because of tax. In many cases, with the tax element in both countries taken out to enable proper comparison, vehicle prices in New Zealand are cheaper than those in the United Kingdom.

To hear Berryman and some others talk, one would imagine that we in New Zealand are sitting alone in our murky and far-flung corner of the globe, while enlightenment reigns supreme elsewhere. Our farmers know all about agricultural protectionism in overseas markets, but too little attention is given to the protective devices employed against manufactured goods in so many countries — including some which are held up to us as paragons of industrial virtue.

Japan, for instance, is one of the most artificially protected countries in the world where imported manufacturers are concerned. And I have only just been hearing about the problems of getting manufactured goods into Germany — another instance of protection by stealth.

At least New Zealand is relatively honest about its

manufacturing has been the one sector in recent years to show productivity growth.

Much more needs to be done and will be done. The need now is to create an overall environment which provides the greatest possible stimulus to entrepreneurial and managerial initiative.

As the sector develops, its need for protection can be expected to diminish. But it is star-gazing indeed to look, as Berryman does, to its eventual elimination. If the United States, Japan and Germany have not managed it in nine just three, it is hardly a realistic aspiration for New Zealand.

It is indeed fortunate that this aircraft did not have a load of passengers as there was no way that the 120 provided could have used them from drowning. With miles of mudflats and tidal water, Mangere International Airport probably offers the best prospects of surviving a than most other airports. However, there is little solution in surviving and one is to drown half as

is the name of the game. The great factor in our poor economic performance has surely been the decline in our ability to sell our primary products on world markets, mainly because of access problems.

To compare New Zealand's overall economic and export growth with "other industrialised countries" is to be naively misleading. We are not an industrialised country — although I believe we are on the way to becoming one. The Manufacturers' Federation

L G Douglas,  
Director general,  
New Zealand Manufacturers' Federation.

has a target of getting 20 per cent of total manufactured production into export by 1984, more than twice the present percentage, and this will get us closer to the point where we can be compared with our partners in the OECD on something like an "apples with apples" basis. But at this point, such comparisons are

organised life saving there.

Immediately after the one rubber dinghy was totally unavailable, the Molesworth's own department suggested that the ICAO standards cover only land-based crashes and that there are no specifications covering mudflats and water such as surrounds Mangere. We have long been accustomed to the inept image projected by McLachlan, but this serious credibility gap concerning safety is really going too far. The peace of mind of the travelling public provided could have used them from drowning. With miles of mudflats and tidal water, Mangere International Airport probably offers the best prospects of surviving a than most other airports. However, there is little solution in surviving and one is to drown half as

is the name of the game. The great factor in our poor economic performance has surely been the decline in our ability to sell our primary products on world markets, mainly because of access problems.

To compare New Zealand's overall economic and export growth with "other industrialised countries" is to be naively misleading. We are not an industrialised country — although I believe we are on the way to becoming one. The Manufacturers' Federation

has a target of getting 20 per cent of total manufactured production into export by 1984, more than twice the present percentage, and this will get us closer to the point where we can be compared with our partners in the OECD on something like an "apples with apples" basis. But at this point, such comparisons are

organised life saving there.

Much more needs to be done and will be done. The need now is to create an overall environment which provides the greatest possible stimulus to entrepreneurial and managerial initiative.

As the sector develops, its need for protection can be expected to diminish. But it is star-gazing indeed to look, as Berryman does, to its eventual elimination. If the United States, Japan and Germany have not managed it in nine just three, it is hardly a realistic aspiration for New Zealand.

It is indeed fortunate that this aircraft did not have a load of passengers as there was no way that the 120 provided could have used them from drowning. With miles of mudflats and tidal water, Mangere International Airport probably offers the best prospects of surviving a than most other airports. However, there is little solution in surviving and one is to drown half as

is the name of the game. The great factor in our poor economic performance has surely been the decline in our ability to sell our primary products on world markets, mainly because of access problems.

To compare New Zealand's overall economic and export growth with "other industrialised countries" is to be naively misleading. We are not an industrialised country — although I believe we are on the way to becoming one. The Manufacturers' Federation

## Beef butter account

IN Colin James' article on the Government's price supplementation for farmers in your issue of February 7, he says the Government is now directly in the business of income support and income skimming, "this year taking money off beef growers".

It is the Meat Producers Board, not the Government, that is currently levying beef producers' returns under the price-smoothing scheme for export meat administered by the board.

This levy income is going into the beef buffer account, which was \$14.2 million in the red at the start of the season on October 1, 1978. If present price levels for export beef hold for the rest of the season, this debt will be wiped out and the beef account should show a healthy credit.

Between 1974-75 and 1977-78, the board paid out a total of \$47 million to support beef producers' returns under the price-smoothing scheme. As

the high income tax rate on employees, which on average increases the cost of a worker

prices are high (as they are now) as repayment for previous price support and to rebuild the account as an insurance against the rainy day when export prices are low.

John Cornwell,  
Chief Information Executive,  
NZ Meat Producers Board.

to an employer by a third relative to the worker's take home return. The irony is that part of the tax revenue is being used to keep down the price of energy, transport, Government services and imports (via subsidies to exporters) to firms. This suggests that part of the "wage overhang" is a "commodity underhang". Rather than repress real wages we might first reassess subsidies, using the extra revenue to reduce income tax to compensate workers for higher prices.

We need also to look at the extraordinary tax arrangements on unearned income. For instance, the neglect of a capital gains tax, in some form, is an encouragement to the farm industry to invest in land speculation and labour extensive farming. There is the strong likelihood that if the subsidy and tax structure to farming was more neutral, more labour would be employed on farms, producing a different balance of farm output.

Certainly the wage to profit ratio is important in any economy. But it is chastening to remember that the theories

we were taught in the 1960s, and still are still taught by some in the 1970s, are known to be logically inconsistent. Moreover, our knowledge on the empirical situation in New Zealand is limited and we need more research.

Factor shares tell us very little, even in terms of the theories of the 1960s. Thus we need both research to establish whether a wage overhang exists and discussion on its significance, before we can take major initiatives in a rational way.

In the interim we can take measures to eliminate the commodity and tax underhangs.

Brian Easton,  
Department of Economics,  
University of Canterbury.

finance houses and persons with money to invest.

Speaking to the Associated Trustee Savings Bank in Christchurch last year, the Prime Minister said: "I have predicted that market pressures will lead to interest rates falling this year. Policy will, if necessary, reinforce this trend." To give the lie to his own words, less than eight months after that prediction was made the Government floated a loan offering an interest rate of 11 per cent, a record high for a gilt-edged security. Any person with more than a hundred dollars in the Post Office Savings Bank could, by simply signing a form, have the rate of interest increased from 3 per cent to 11 per cent; an increase of 280 per cent, and, of course, an additional burden on the tax payer. Interest rates offered by financial institutions are still rising.

If the present state of the economy is an indication of "the success of freeing the money market" I hesitate to contemplate what our position would be today if the experiment had proved a failure.

D J Boswell,  
Wanganui.

Colin James does not purport to have sufficient knowledge of economics to judge for himself whether the freeing of the financial markets has been highly successful. He merely reports a prevailing opinion in Wellington that this is so. It is to the holders of that opinion that Mr Boswell must turn for his answers. Sorry — Editor

## Exel's trail blazing

IN your Admark section recently I read with interest of the formation of a new agency — Corporate Marketing and Advertising Ltd., with David Exel as its chief executive. Exel says "This is a trail blazing effort to fill a clearly perceived need."

In my experience this need has been apparent for some time and I'm sure those companies which avail themselves of such a new service will be appreciative of its existence.

Exel is not quite right in inferring that his new company is penetrating virgin soil. My own consultancy has been largely concerned with the corporate aspects of my clients' communication needs since I commenced operations back in 1972; but only I offer my congratulations to D & M as an agency that not only perceives the need but does something about it.

L J Underwood,  
Wellington.

## CHANGING YOUR COMPUTER PROGRAMME?

**The Situation**  
Your computer programmes continually require change because your markets or your procedures change. Your volumes increase and the system becomes strained.

**The Problem**  
Changing programmes is the bane of every programmer's life. Dissatisfaction leads to delays and errors.

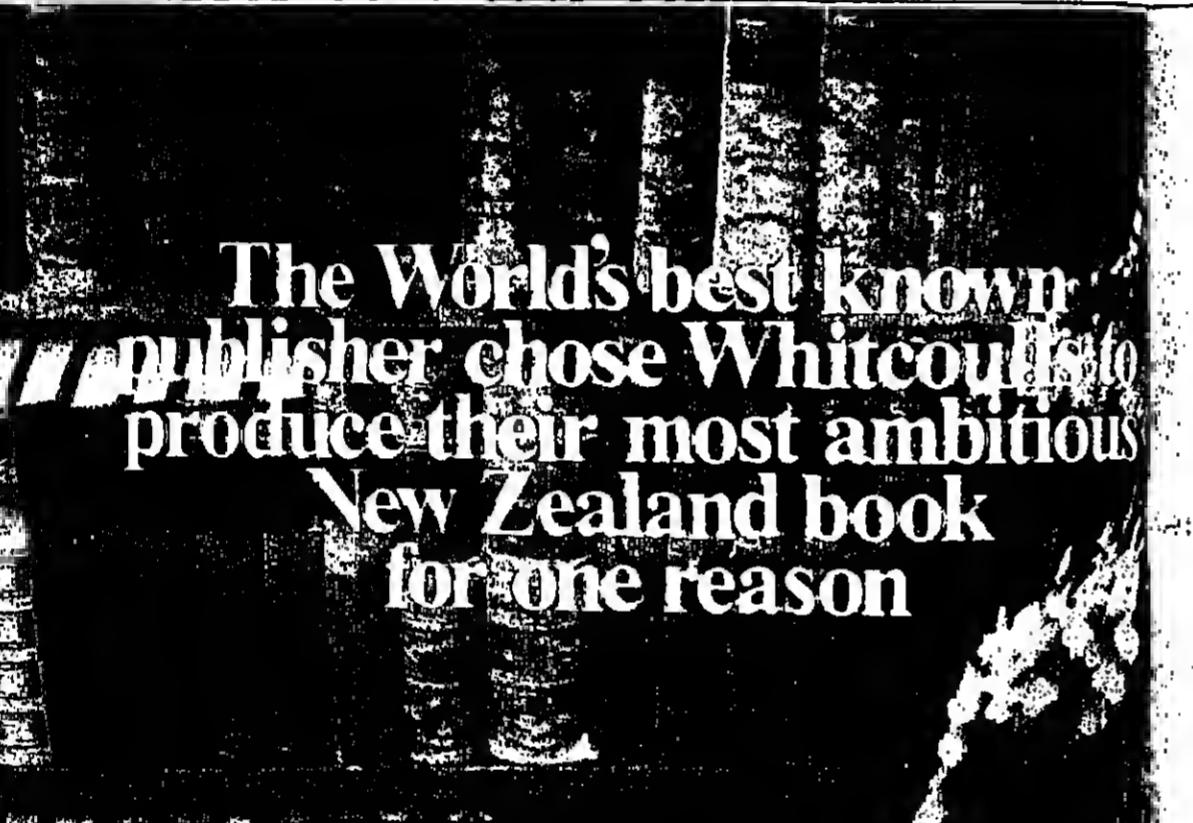
**Documentation**  
A Partial Solution  
Better documented programmes are more quickly and more easily changed. Commercial Computing can supply people to document your systems.

**Expert Staff**  
Commercial Computing have expert programmers available right now to bring your programmes up to date. Use of our programmers could free your own staff for development of new systems.

**Charges**  
An hourly rate, a fixed quote or a monthly fee on a per statement basis.

**Priority**  
You set the priority for each situation and we react accordingly.

**For further information contact:**  
**COMMERCIAL COMPUTING LIMITED**  
40 HOBSON STREET  
BOX 11-085  
WELLINGTON  
TELEPHONE 726-011



## Participation... key to greater productivity



## N.Z. case-studies in important, new management methods

"It is imperative that we reorient our work organizations to the radically changed circumstances we face as a country."

So says Roy McLennan, senior lecturer in Business Administration at Victoria University, and editor of *Participation & Change in the New Zealand Workplace*. This important new book is intended to help New Zealanders develop insight into methods which can transform the performance of our enterprises, and the satisfaction people get out of their work.

In a highly readable introduction, McLennan explains how participation and change, or "Organization Development", works in theory... then three New Zealand pilot studies show what happens in practice as well.

*Participation & Change in the New Zealand Workplace*, published by Fourth Estate Books. Only \$4.95 at all good bookshops, or direct from Fourth Estate Books, P O Box 9344, Wellington. (See Fourth Estate Subscription Service coupon elsewhere in this issue.)

Oxford University Press is probably the oldest and the most respected publisher in the world. The Press was founded 500 years ago. Over the centuries it has published authoritative books for use wherever knowledge is sought. To mark its quincentenary the Oxford University Press in New Zealand is publishing several unique New Zealand books. One of the most important is *The Oxford Book of New Zealand Plants*, the product of ten years' work by the authors, which required from Whitcoulls the highest standards of typography, colour reproduction, printing and binding.

That's why Whitcoulls were selected as printer by the Press. With over 100 years of printing experience behind them Whitcoulls have the knowledge and skill to reproduce material to the very highest standard. *The Oxford Book of New Zealand Plants* is an extraordinary example of Whitcoulls' work. They were entrusted with the task of reproducing Bruce Irwin's original artwork with painstaking accuracy while retaining its charm and delicacy.

Two notable ones are: *The Urewera Notepad* by Katherine Mansfield, a previously unpublished diary of a New Zealand bush journey by this internationally famous author.

And *Looking Back: a Photographic History of New Zealand*. And the results will be the same. Distinguished.

Which is the reason why the world's oldest publisher chose Whitcoulls.



**Whitcoulls Limited**

W.H.102

## NZ may give up free Tokyo display space

Tokyo Correspondent

A HUNDRED square metres of floor space on some of Tokyo's most expansive land is likely to be relinquished by New Zealand — even though it has been provided indefinitely, free of cost.

Last year, the World Import Mart was opened in a joint effort among the Japanese Government and a star-studded list of shareholders like Mitsui, Mitsubishi, Hitachi and Kawasaki Steel, to overcome international criticism of inaccessibility to the Japanese market.

Part of the ultra-modern Sunshine City complex near Ikebukuro, the world's busiest railway station, the World Import Mart boasts 11 floors of facilities for importers and exporters, including a business information centre that serves as a go-between.

International restaurants, a travel and tourism centre that issues tickets, passports, and inoculations at the same time, and floors of consumer shopping area specialising in everything imported from fashion to food, comprise the remarkable project. The eighth and seventh floors are arranged by Japan's External

Trade Organisation (JETRO), which allocates space to participating countries. New Zealand has been sharing the eighth floor with West Germany, Finland and the ASEAN countries since the building opened for business last autumn, but to date embassy officials have been generally disappointed with the traffic.

The biggest exhibition — ASEAN — is still incomplete, and hampered by disagreements among the participating countries. Weekday traffic in the gleaming expansive corridors is almost absurdly light.

Consequently, the New Zealand exhibition is locked during the week, and at weekends the Japanese agent for Peltex carpets is on hand to chat to larger numbers of people, who can also mill around the travel and other trade displays or watch continuous tape-slide presentations of New Zealand's scenic attractions. New Zealand officials are not normally in attendance.

There's a spinning wheel in the window that a number of people have inquired about buying, pictures of sheep, carpets and other laundry items, but there is official unwillingness to spend the sums of money needed to come up with attractive displays until the numbers increase. New Zealand's grotto lease expires this month and despite assurances that the crowds will come soon, there's a strong possibility that the exhibition space will be given up.

As a spokesman at the embassy in Tokyo put it: "The numbers don't seem to justify spending a lot of money on it and manning it. We were initially enthusiastic and we're disappointed. We're looking at the situation and trying to decide what to do."



JAPANESE Inspecting New Zealand carpet exhibit

Zealand exhibition is locked during the week, and at weekends the Japanese agent for Peltex carpets is on hand to chat to larger numbers of people, who can also mill around the travel and other trade displays or watch continuous tape-slide presentations of New Zealand's scenic attractions. New Zealand officials are not normally in attendance.

But confidence in the long-term potential of the project is reflected by the decision of the United States Trade Development Centre to make its base at the World Import Mart. Although New Zealand's abandonment of the present premises wouldn't mean it couldn't participate in temporary exhibitions at other times, there is a feeling in some quarters that the permanent space would prove a long-term benefit.

The New Zealand Tourist Office is also taking part in the project, and Tokyo manager David Lynch is more enthusiastic. "Although I have only three staff members, we

could still work on a roster with the embassy staff and have someone there most of the time. I'm sure that the people will come once the centre is really established. The opportunity seems too good to pass up."

While there are rumours

that some members of JETRO are anxiously exploring ways to attract more potential importers and members of the public to the World Import Mart — to the sixth and seventh floors especially — there's a feeling among some members of the New Zealand business community that representation in the prestigious operation is itself

worthwhile.

The vice president, Dunedin Export and manager for Arrow Co. Ltd, was recently on business, and was out for promotional purposes.

For New Zealand manufacturers to display in Japan is the astronomical. The space at the World Import Mart is especially valuable. "We get a wide established, and can be displayed in showrooms," he said.

## Competition in insurance

by John Sloan

THE New Zealand Planning Council's recommendation that the economy should be exposed to more external competition has disturbing implications for the fire insurance industry in New Zealand.

Some of the problems of heated competition — if you'll pardon the expression — were

underlined by the Australian Re-Insurance Company's publication *Expertodata*.

There were three main causes of overcapacity in the London market and resultant severe competition.

Expertodata reported:

Names at Lloyd's with top-rate income taking up syndicate membership for tax advantages only;

National (particularly reinsurance) companies which pre-tend to establish a presence in the market and for which profit is only a secondary objective;

Foreign (above all, American) companies seeking to establish themselves in London as the centre of European insurance and reinsurance markets almost regardless of cost.

The problem of overcapacity affecting also the world insurance markets in general is expected to become even more serious in future," the publication said.

If the New Zealand insurance market were exposed to unrestricted international competition, a major transfer of business from New Zealand to overseas insurers could occur. But it is doubtful that the Government would permit

a massive outflow of funds to pay the premium even if a proposal came back by way of and reciprocal basis.

It can be argued that the stability of the insurance market is protected. Party Planning Council's (mandate) is an unrestricted company necessary on an international scale — it is closest to the classic role of protecting local interests.

The Government, presumably, is aware that substantial companies threatened the fire insurance market. Collapses of insurance brokers have been frequent and distressing.

New Zealand has world insurance but there is plenty of potential among local firms for good and bad business.

Unlikely that the Government would stand back and oversee it and brokers to exact ruinous premium rates.

The battle might temporarily save us but could produce disastrous long-term effects for the own industry.

That possibility is no longer on. The new heir apparent on the wings is the articulate, successful, glamorous premier of New South Wales, Neville Wran. Like Dunstan, Wran was a successful lawyer and part-time actor before going into politics. Like Dunstan, too, Wran is often accused of "cosmopolitan" politics.

My only encounter with Dunstan took place in 1973 when Gough Whitlam, then Prime Minister, opened up the

Liberal party leader, Steele Hall, did the honest thing and redrew the boundaries along more democratic lines. Dunstan won the next four elections (he was premier for just under 10 years) and the Liberals turned on Hall and forced him out of the party.

The State that Dunstan inherited as leader was making an effort to set up manufacturing industries, the so-called "bid for growth". It was known as the most reactionary State in the Commonwealth, the Queensland of the 1950s. Under Dunstan that changed. He cultivated the arts, broke down the gates of censorship and generally made Adelaide a lively and lovely city to live in. People who have been there tell me that people in Adelaide are more courteous and better-informed than people from, say, Sydney or Melbourne. Whether this is true or not, the fact is that Dunstan tried to create in Adelaide the Greek city-state ideal.

Unfortunately for him, most of his dreams were collapsing

## How much does laundry cost your business?

Even if it's only \$1,000 per year, OPL can save you at least 35%!

Think about it.



"It's time someone cut back your laundry costs! That's why we developed the OPL Great Alternative to 'outside' laundry."

Ian Moses  
Managing Director  
Advance Industries

with the OPL system. Whatever the size of your business, chances are an OPL system will save you big money, too.

The OPL laundry package offers:

- Heavy duty industrial washers and dryers designed especially for OPL.
- Specialty formulated chemicals.
- The backing of one of New Zealand's leading sales and service organisations.

Major cost savings advantages:

As an alternative to "outside" laundry services, OPL gives you greater flexibility, plus positive cost-saving advantages. Because with an OPL system, your laundry costs are being reduced to an absolute minimum!

You keep complete control. Now there's no chance of being charged for the laundering of

unused items! OPL means the laundry stays on your premises, so you keep control. And you'll never run short again!

Space is no problem. An OPL washer and dryer package takes up less space than most office desks. And OPL has the advantage of being easily operated by any member of your existing staff.

Whichever way you look at it, OPL makes sound business sense.

Ian W. Moses  
OPL Division  
Advance Industries Limited  
48 George Street  
P.O. Box 4211, Auckland  
Telephone 888487.

Dear Mr. Moses,  
I would like to know more about how OPL can save money for our business.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

**OPL**  
The Great Alternative

It's certainly time to question your laundry bill! The OPL "on-premise" laundry system helps almost every company to operate more profitably.

For instance, recently the OPL system saved one company \$27,000 by reducing its annual laundry bill by 50%. A smaller company produced a 39% saving

Advance Industries: committed to your cost savings.

## Dunstan's departure has eerie resonance

by Spiro Zavos

to a New Zealander the manner of Don Dunstan's departure from politics had an eerie resonance to it. Dunstan gave a press conference at the Calvary Hospital in Adelaide. He was shepherded into the conference room by a number of aides who literally had to hold the sick man up to stop him from collapsing. Dunstan leaned heavily on a walking stick. His hair was slicked back and had an unhealthy matted look about it. His face was drawn, his once lively mouth drooping in the seduct of expressions. His voice, formerly an instrument of charm and sophistication, was now faltering.

The New Zealand Tourist Office is also taking part in the project, and Tokyo manager David Lynch is more enthusiastic. "Although I have only three staff members, we

could still work on a roster with the embassy staff and have someone there most of the time. I'm sure that the people will come once the centre is really established. The opportunity seems too good to pass up."

While there are rumours that some members of JETRO are anxiously exploring ways to attract more potential importers and members of the public to the World Import Mart — to the sixth and seventh floors especially — there's a feeling among some members of the New Zealand business community that representation in the prestigious operation is itself

worthwhile.

The vice president, Dunedin Export and manager for Arrow Co. Ltd, was recently on business, and was out for promotional purposes.

For New Zealand manufacturers to display in Japan is the astronomical. The space at the World Import Mart is especially valuable. "We get a wide established, and can be displayed in showrooms," he said.

when his health caved in on him. Some brilliant films have been made by the South Australian Film Corporation, for example, but this pacesetter is beset by financial problems. Dunstan's style of leadership, often referred to as "trendy", has come increasingly under attack on the grounds that it was all froth and bubble and no substance. The State suffers grave industrial problems. The bid for growth has failed. South Australia cannot escape its geographical isolation from the mainstream of Australian commercial life which is situated in Melbourne and Sydney, those two densely populated enclaves on the southern coast. Chrysler's big operation in Adelaide is being hard-hit by depressed car sales. Joint ventures with South-east Asian enterprises have faltered through. The future for the State is as gloomy as Dunstan's present health. His health finally collapsed during a whirlwind world tour undertaken to find an answer to the uranium question. No answer was there, and Dunstan was forced to back the Labor policy of no mining.

Dunstan's determination to end his political career puts a stop to the often-mentioned possibility that he might, at a future date, have moved into Federal politics. The thinking was that if Hayden lost the next election, not entirely a foregone conclusion — opinion poll show Labor in front, then Dunstan would be brought in as the new hope of the party.

That possibility is no longer on. The new heir apparent on the wings is the articulate, successful, glamorous premier of New South Wales, Neville Wran. Like Dunstan, Wran was a successful lawyer and part-time actor before going into politics. Like Dunstan, too, Wran is often accused of "cosmopolitan" politics.

My only encounter with Dunstan took place in 1973 when Gough Whitlam, then

premiers' conference to the press for the first time. The conference started at 10.30. Minutes before, the State premiers, with their grey men in grey suits hovering behind them, had taken their place at the table. An air of expectancy vibrated around the room as we waited for Gough to make his entrance. But 10.30 came and went and no Gough. The expectancy quickened. Then the great man entered, his fine coiffured head nodded to the premiers and just discernibly nodded to the press. He sat down with an air of self-satisfaction and then in that curiously articulated but pleasant voice began his opening address. Only a few words into the text, he heard the door opening and turned to see Dunstan, in a pinkish safari suit, a slim briefcase in his hand and a beautiful Chinese woman by his side, make his appearance. It was the political upstaging of all time.

It is Dunstan's tragedy that the beautiful Chinese woman,

Adele Koh, a brilliant economist who later became his wife, died last year after a long drawn out battle with cancer. His own glittering career is finished, and for once this cynical journalist can't help feeling pangs of sorrow at the passing from the scene of a political icon.

And National Provident Fund can offer these unique advantages:

## SUPERANNUATION NEWS-1979

# SAVE \$500 TAX

Your Superannuation payment to a National Provident Fund Cash Accumulation Scheme could mean a tax saving up to \$500 this financial year.

And National Provident Fund can offer these unique advantages:

1. All schemes Government guaranteed.
2. No administrative costs added.
3. No commitment to future contributions.
4. After five years you will receive your contribution plus interest if you are required to withdraw.
5. Optional retirement after age 60.
6. A wide range of optional retirement payment plans.
7. On retirement, pension payments are frequently adjusted to help cope with inflation.
8. Estate benefits may include a death-duty free widow's allowance.

**ENQUIRE NOW**  
If you're self-employed or a person wanting to utilise your maximum tax exemption, get in touch with us right away.

## NATIONAL PROVIDENT FUND

To contact your nearest representative, call, write or ring National Provident Fund in your telephone directory.

### RUSH COUPON FOR NEWSLETTER

National Provident Fund  
PO. Box 5022 Wellington  
Please send Newsletter on your "Cash Accumulation Scheme".

Name \_\_\_\_\_  
Address \_\_\_\_\_



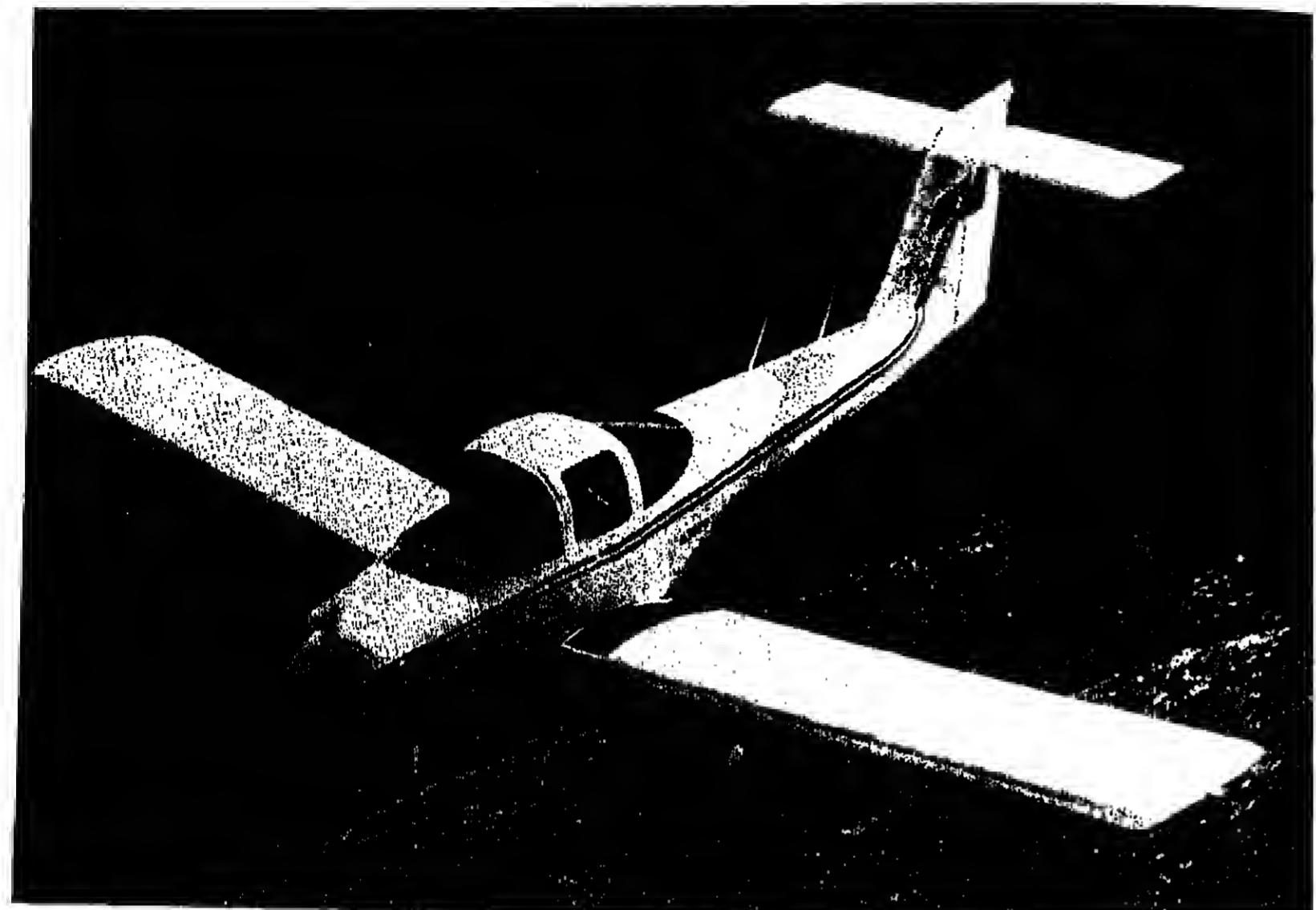
PROTECT NEW ZEALAND FLORA AND FAUNA



THE AUSTRALIANS



DON DUNSTAN... collapsing



## THE PIPER TOMAHAWK. THE MOST ADVANCED TRAINER IN THE WORLD TODAY.



More airplane for the dollar  
Piper Aircraft Corporation, Lock Haven, Pa. 17745, U.S.A.

INTERNATIONAL DISTRIBUTOR: AIRWORK (NZ) LIMITED  
Distributed in New Zealand, Kingdom of Tonga, Western and American Samoa, Fiji and Cook Islands, Solomon Islands, by AIRWORK (NZ) Limited, International Airport, Christchurch; New Zealand.

## Artificial sweeteners face identity problems

By Bellinda Gillespie

Is it a food? Is it a drug? No, it's saccharin!

Two artificial sweeteners are permitted under New Zealand law, but their status is somewhat ambivalent.

Food manufacturers would like to be allowed to use them much more, because both are very cheap and very sweet.

Saccharin, discovered late last century, is 200 times as sweet as sugar. Cyclamate, with us since the 1940s, is about 40 to 80 times as sweet.

Before its banning in 1969, cyclamate was the basis of a billion-dollar industry in the United States and Britain, where it was widely used in manufactured foods as a sugar substitute.

The scientific community warned that a substance introduced as a drug and intended for people who had to reduce their sugar intake for medical reasons had no place in the general food supply. The warning went unheeded by the food industry. Cyclamate was much cheaper than sugar and had none of the flavour or stability problems associated with saccharin.

The evidence that cyclamate caused bladder cancer in rats, which led to its banning, was shaky, but the prohibition was swallowed without too much trouble by the food industry which could fall back on saccharin.

But early in 1977, the Canadian and United States authorities jointly announced a ban on saccharin. A Canadian experiment had pointed to saccharin as a cause of bladder cancer in male rats over two generations.

Although saccharin has been in use for more than 80 years in the United States, there is no evidence that it has caused cancer in humans. History has proved to be on the side of Ted Roosevelt, who declared in 1907, that "Any one who says saccharin is injurious is an idiot".

Nevertheless, the FDA had no choice but to ban it. Under the famous Delaney amendment to the Food, Drug and Cosmetic Act, any food additive that causes cancer in either humans or laboratory animals must be prohibited.

When the Delaney clause was invoked, the repercussions were international. The drama of an overnight ban on a substance which is the basis of a major industry has media appeal.

A government which neglects to follow the American move can be made to appear negligent of consumer health, or cynically favouring manufacturing interests.

On the other hand, the clause is the subject of bitter criticism by scientists.

The ability to detect carcinogenic substances in the environment has been refined in the 20 years since the amendment was passed, to a degree that it seems before long virtually all food, drink, and even air will be shown to contain carcinogens.

The United States law precludes also any consideration of the benefits of food additives — for example, helping people to lose weight, or providing sweetness for diabetics.

Some test animals are more susceptible to cancer than others, and doses used in experiments may be ridiculously in excess of an expected human intake. The Delaney clause does not recognise these factors.

Food manufacturers, diabetics and weight-watchers vigorously protested against the saccharin ban. In fact, implementation of the ban has been blocked, and a stop-gap

or more bottles of soft drink a day — the level of cigarette consumption reached by even "moderate" smokers.

"Supernumerary calories", claimed Pyke, also pose a far greater health threat than saccharin. He suggested that there is a need for some means of weighing up the practical importance of scientific discoveries, and arriving at a "rational balance" between risk and benefit.

Health officials here tread a tightrope between allowing food manufacturers a carte blanche on sweeteners, and restricting their use altogether. In practice it is difficult to implement the regulation which attempts to confine the sale of artificially sweetened drinks to diabetics.

Late last year Dr J.H.H. Middlestone, the Director-General of Health, issued a statement criticising the advertising of artificially-sweetened foods. These products should not be promoted as suitable for children or the general public, he said — yet a recent survey had shown that 40 per cent of saccharin-containing drinks were drunk by children under nine years, and another 20 per cent by those between nine and 19.

Soft drinks with names like "Slimline", "Happyade" and "Thirsties" are clearly not aimed at a diabetic market. They are orientated, respectively to more lucrative segments — the relatively sophisticated weight-conscious consumer of tonic, ginger-ale, lemonade and cola along with spirits; the child market; and the cost-conscious housewife.

Although the weight-reducing properties of saccharin are widely believed, there is no hard evidence that those who use it get slimmer than those who don't. Similarly, there is nothing to show that sugar, in particular, causes people to put on weight, rather than vice versa.

The Health Department view is that diabetics, to whom sugar may actually be harmful, face a lifetime of food restrictions, and artificial sweeteners, though not essential, considerably brighten their lives.

The general public, however, can get by without them, and children particularly may suffer long term harmful effects, as yet unknown.

Manufacturers who have been gradually encroaching on these markets, therefore, have been called to heel, and directed to comply with

regulations.

There are numerous critics of the position that saccharin is dangerous. Manufacturers of artificially-sweetened drinks would like us to think they are doing us a healthy favour with their products. They claim that sugar is far more dangerous than saccharin — its effects on tooth decay and obesity are well known, they say, while there is no solid evidence for saccharin's harm to human health.

Magnus Pyke, recently in New Zealand for the ANZAS conference, called for a change in outlook on substances such as saccharin. He estimated that, if further tests confirm the Canadian results, the consumption of one bottle of artificially-sweetened soft drink might result in a life expectancy reduced by nine seconds, and warned his audience to "make sure the hearse is punctual".

By similar calculations, smoking a cigarette cuts life expectancy by 12 minutes, and few consumers could drink 20

or more bottles of soft drink a day — the level of cigarette consumption reached by even "moderate" smokers.

Manufacturers have been sent copies of proposed changes to the labelling regulations, which it is hoped will go through with the fourth amendment to the Food and Drug Regulations in the next parliamentary session.

The steady extension of the market for artificially-sweetened drinks has taken

place despite repeated warnings by the Health Department over the last few years. If implemented, the new labelling requirements will demand a declaration of the type of sweetener used, and a medical warning that the product is not suitable for children unless recommended by a doctor.

The effect, therefore, could be expected to be of a magnitude comparable with that of the health warning on cigarette packets.

The present compromise has

not been a deterrent to the marketing ambitions of soft drink manufacturers. A more sweeping condemnation of saccharin as a health risk may prove to be its death knell.

A recent report that saccharin can act not only as a carcinogen, but as a promoter — a substance which increases the cancer-inducing action of other substances may lend weight to the results expected this month, and cause artificial sweeteners to be confined to the shelves of pharmacies in this country and overseas.

## Investment and Management Opportunity

### The Proposition

From time to time opportunities exist for investors with an aggressive and successful background to purchase an established Todd Motors vehicle dealership and we presently have a limited choice of propositions available for discussion.

### Franchises:

A Todd Dealership is able to offer a comprehensive range of internationally famous products: Chrysler and Mitsubishi cars and Commercial vehicles; David Brown, Case and Satoh tractors. All these products obtain a significant share of the available New Zealand market and opportunities exist in all areas of the franchise.

### Your Investment:

You will be investing in an established business, fully equipped with facilities and resources appropriate to a major franchise, handling nationally promoted new vehicles. A reasonably substantial capital input, upwards of \$60,000 is required to fund such a business with Todd Motors Ltd supplying financial direction and other assistance as necessary for you to investigate a proposal. We believe this investment and management opportunity would best suit a younger businessman in his 30's with proven expertise in selling or a related field and a practical understanding of business organisation.

**Todd Motors Ltd Contribution:**  
As one of New Zealand's major manufacturers, Todd Motors has an established reputation for stability and integrity. Support is given to all Todd Dealers with a wide range of services in Sales, Parts, Service, Business Management, Market Research, Staff Training, Finance etc. The relationship between Todd Motors Ltd and its network of independent dealers is a mutually supportive and mutually profitable one.

**This is a rare opportunity:**  
The 89 Todd Dealership outlets throughout New Zealand enjoy a reputation for being desirable and profitable franchises to own. The opportunity to purchase a Todd Dealership is therefore a rare and attractive one. We invite interested parties with the appropriate financial resources and necessary management skills, to discuss this opportunity in strictest confidence with:

**Mr Murray McCaw**  
(Manager—Dealer Development)  
Todd Motors Ltd  
Telephone 70-109 Porirua  
**Applications in writing:**  
C/- P.O. Box 50-349 Porirua  
will be fully considered

T82



## Public Relations & Advertising Executive

### The Position:

International Computers is looking for an experienced person to take over the important executive position of controlling ICL's advertising and public relations activities in New Zealand. The position calls for a highly motivated, self-starter with a sound appreciation of the New Zealand business scene who can not only initiate and successfully implement new promotional projects, but can also oversee the organisation of key company conferences to tight deadlines. The person will also be expected to control the overall Public Relations and advertising budget and plan the annual appropriations to the various alternative activities.

### Qualifications:

The appointee will almost certainly have a tertiary qualification, have demonstrable verbal and written communication skills and will preferably have had some recent experience in Public Relations advertising or sales promotional activity. The person sought will probably be in his/her thirties in order to have attained the experience and maturity required.

### Applications:

Applications to be made to:  
Peter McLaren  
Manager Personnel Services  
International Computers (NZ) Ltd  
P.O. Box 394 Wellington  
Phone 724-884



**International Computers  
(New Zealand)  
Limited**

30504